

Right-of-Way Lease for the Trans-Alaska Pipeline
Between
The State of Alaska
and
Amerada Hess Corporation,
ARCO Pipe Line Company,
Exxon Pipeline Company,
Mobil Alaska Pipeline Company,
Phillips Petroleum Company,
Sohio Pipe Line Company, and
Union Alaska Pipeline Company

RIGHT-OF-WAY LEASE FOR THE
TRANS-ALASKA PIPELINE

Offered by the-Commissioner of the Department of Natural Resources on behalf of the State of Alaska, having determined pursuant to As 38.35.100 that a pipeline right-of-way lease may be offered to the applicants that applied on March 7, 1974, for a pipeline right-of-way lease across State lands under AS 38.35 for the Trans-Alaska Pipeline, namely:

Amerada Hess Corporation

ARCO Pipe Line Company

Exxon Pipeline Company

Mobil Alaska Pipeline Company

Phillips Petroleum Company

Sohio Pipe Line Company

Union Alaska Pipeline Company

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RIGHT-OF-WAY LEASE FOR THE TRANS-ALASKA PIPELINE

This lease is entered into as of this 3rd day of May 1974 (hereinafter referred to as the "Effective Date"), by the State of Alaska (hereinafter referred to as the "State"), acting through the Commissioner of Natural Resources (hereinafter referred to as the "Commissioner"), and by

Amerada Hess Corporation, a Delaware Corporation,
ARCO Pipe Line Company, a Delaware Corporation,
Exxon Pipeline Company, a Delaware Corporation,
Mobil Alaska Pipeline Company, a Delaware Corporation,
Phillips Petroleum Company, a Delaware Corporation,
Sohio Pipe Line Company, a Delaware Corporation,
Union Alaska Pipeline Company, a California
Corporation,

(hereinafter sometimes referred to as the "Original Lessees"). It is the intent of the parties that, in the performance of this Lease, the following principles shall apply:

- (1) In the construction (including, but not limited to, design), operation, maintenance (including but not limited to a continuing and reasonable program of preventative maintenance) and termination of the Pipeline, Lessees shall employ the best practicable technology available and use all practicable means and measures to preserve and protect the environment, as provided in this lease.
- (2) The parties shall protect environmental amenities and values within the practicable bounds of economic and technical feasibility and in accordance with applicable State policies. In so doing, the parties shall take into account, among other considerations, the following:
 - (a) The benefit or detriment to persons, property and the environment that may be anticipated to result from a proposed course of conduct.

NOTE: Terms having special meaning are defined in the body of this Lease or in Exhibit "A"hereof. Such terms are capitalized herein.

(b) The particular environmental technical, and economic benefits or detriments reasonably expected to flow from a proposed course of conduct.

(3) Lessees shall manage, supervise, and implement the construction, operation, maintenance and termination of the Pipeline in accordance with the best practicable engineering technology available, particularly with regard to permafrost and seismic areas, to the extent allowed by the state of the art and the development of technology. In the exercise of these functions, Lessees consent and shall submit to such review, inspection, and compliance procedures relating to construction, operation, maintenance, and termination of the Pipeline as are provided for in this Lease and other applicable authorizations.

1. Grant of Right-of-Way

a. Pursuant to the provisions of AS 38.35, the Alaska Right-of-Way Leasing Act, as amended, and for and in consideration of the annual rental fee prescribed in Section 3 hereof and the covenants herein contained to be kept and performed on the part of the Lessees and subject to the conditions and requirements herein contained, the State hereby grants to the Original Lessees, for the period of limited duration prescribed in Section 2 hereof and for the purpose prescribed in Subsection "c" of this section, a right-of-way (hereinafter referred to as the "Right-of-Way") for a pipeline with its Related Facilities (such pipeline and Related Facilities being hereinafter referred to as the "Pipeline"), the width and location thereof being subject to the provisions of Subsection "d" hereof, across, through and upon State land now owned or hereafter acquired (hereinafter sometimes referred to as "State Land"), along the General Route of the Pipeline shown in the application and accompanying alignment and Related Facility site location drawings referred to in Exhibit "B" hereof. The grant made hereby is of the following undivided interests in and to the Right-of-Way to the companies designated:

Amerada Hess Corporation, an undivided interest of 3.00% of the whole;

ARCO Pipe Line Company, an undivided interest of 28.08% of the whole;

Exxon Pipeline Company, an undivided interest of 25.52% of the whole;

Mobil Alaska Pipeline Company, an undivided interest of 8.68% of the whole;

Phillips Petroleum Company, an undivided interest of 3.32% of the whole;

Sohio Pipe Line Company, an undivided interest of 28.08% of the whole;

Union Alaska Pipeline Company, an undivided interest of 3.32% of the whole.

b. This grant is made subject to (i) all applicable laws and regulations of the State of Alaska, and (ii) any valid existing rights in the lands subject to the Right-of-Way.

c. The Right-of-Way is granted for the purpose of the construction, operation, maintenance and termination of one (1) Oil transportation pipeline, consisting of one (1) line of forty-eight (48) inch-diameter pipe and its Related Facilities. Lessees shall not use the Right-of-Way or the land subject thereto for any other purpose and shall not locate construct any other pipelines (including looping lines) or other improvements within the Right-of-Way without prior written approval of the Commissioner. The Pipeline shall be used for only the transportation of Oil, and it shall not be used for any other purpose without the prior written approval of the Commissioner. Each Lessee shall not allow or suffer any person or business entity, with the exception of the other Lessees under this Lease, to use the Right-of-Way for the purpose set forth in this section. Nothing in this subsection is intended to (i) excuse or preclude Lessees from complying with their obligations under Section 4 of this Lease, or (ii) preclude Lessees from employing agents or contractors to effect construction, operation, maintenance or termination of all or any part of the Pipeline.

d. (i) During construction of the Pipeline and prior to the execution of the release of interests in the Right-of-Way provided for in paragraph (ii) of this subsection, the width of the Right-of-Way shall be 400 feet, except (1) that in locations where the line of pipe is to

enter or cross any river bed or flood plain, the width of the Right-of way shall be 600 feet within an area bounded by parallel lines on each side of and 1,000 feet from the centerline of the particular river, and (2) that the dimensions of the Right-of-Way for Related Facilities shall be those more particularly set forth in Exhibit "D" hereof.

(ii) After completion of construction of the Pipeline within a particular Mapping Segment, the land subject to the Right-of-Way shall be (1) 400 feet in width along the line of pipe across State Land, except that in locations where the pipeline of pipe enters or crosses any river, river bed or flood plain, the width of the Right-of-Way shall be 600 feet of in width within an area bounded by parallel lines on each side of and 1,000 feet from the centerline of the particular river, the centerline of the pipe being also the centerline of the 400 and 600 foot Rights-of Way, and (2) the sites for Related Facilities described in Exhibit "D". Within 360 days following the Commissioning of the Pipeline, Lessees shall execute and deliver to the State a release of all interest in such portions of the Right-of-Way as will result in Lessees retaining only (1) the Right-of-Way for Related Facilities described in Exhibit "D" and (2) the Right-of-Way not exceeding 100 feet in width along the line of pipe with the centerline of the line of pipe being the centerline of the Right-of-Way, except that at such locations where Lessees have requested authority from the Commissioner to retain a wider Right-of-Way and the Commissioner has found and recorded the reasons for his finding that in his judgment a wider Right-of-Way is necessary for the operation and maintenance of the Pipeline after construction, or that a wider Right-of-Way is necessary to protect the environment or public safety, the width of the Right-of-Way which Lessees retain may exceed 100 feet in width in accordance with the Commissioner's finding.

e. Upon the release required by Subsection "d" of this section, Lessees shall survey and provide adequate monumentation as the Commissioner may require to locate and describe the Right-of-Way and the Lessees shall file: (i) Proof of construction of the Pipeline in accordance with the provisions of this Lease and the applicable regulations of the Department of Natural Resources; and (ii) a map, or maps or survey, approved by the Commissioner, showing the final "as built" location of the completed Pipeline, including the final locations of all buried and above-ground improvements, the centerline of the Right-of-Way, as definitely located, and, referenced to the centerline, the boundaries of the Right-of-

Way, as definitely located.

f. All construction activities within the Right-of-Way shall be limited to a construction zone approved by the Pipeline Coordinator in the applicable Notice to Proceed.

2. Duration of Right-of-Way Grant

a. The grant hereby made of the Right-of-Way shall come to an end and expire on the 2nd day of May 2004, at 12 noon, (Alaska Standard Time) unless prior thereto it is released, abandoned, or otherwise terminated pursuant to the provisions of this Lease or of any applicable law or regulation.

b. Upon the expiration of the initial or any subsequent grant of the Right-of-Way, or its earlier relinquishment, abandonment, or other termination, the provisions of this Lease, to the extent applicable, shall continue in effect and shall be binding on the parties hereto, their successors or assigns, until they have fully performed their respective obligations and liabilities accruing before or on account of the expiration, or the prior termination, of the grant.

c. The Commissioner shall renew the Lease for additional periods up to ten (10) years each, so long as the Pipeline is in commercial operation and the Lessees are in full compliance with State law, including but not limited to State law pertaining to regulation and taxation of the Pipeline.

d. Any subsequent conveyance, transfer or other disposition of any right, title, or interest in the State Land and or any part thereof, burdened by and subservient to this Lease, shall, to the extent allowed by law, be subject to the Right of-Way and the provisions of this Lease, including Lessees' right to renew the Lease under Subsection "c" of this section.

3. Rental

a. Lessees shall pay to the State, annually and in advance, the fair market retail value of the Right-of-Way based on the appraised fair market value of the land.

b. The initial charge for the first year's rental

shall be One Hundred Forty-One Thousand Two Hundred Twenty-Five Dollars (\$141,225.00); however, this amount shall be adjusted based on a formal appraisal conducted before January 1, 1975.

c. The annual rental payment is subject to adjustment at five-year intervals and charges or adjustments shall be the reappraised fair market rental value of the land.

d. Rental shall not be charged for any land acquired under AS 38.35.130 and conveyed without cost to the State.

e. For the year in which portions of the Right-of-Way are released to the State pursuant to Section 1, Subsection "d" paragraph (ii) hereof, the State shall credit Lessees against the payment of future rental for a portion of the rental paid to the State for that year, the amount of the credit to be the portion of rental paid for that year attributable to the lands so reconveyed to the State reduced pro rata by the portion of the lease year which had elapsed prior to the reconveyance.

4. Common Carrier

Each Lessee shall assume the status and perform all of its functions undertaken under the Lease as a common carrier and accept, convey and transport without discrimination, crude oil delivered to it for transportation from fields in the vicinity of the Pipeline subject to the Lease throughout its route, both on State Land obtained under the Lease and on other land; Lessee shall accept, convey and transport crude oil without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another, but will take the crude oil delivered or offered, without unreasonable discrimination, that the Alaska Pipeline Commission shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier.

5. Interchange of Oil

Lessees agree to interchange crude oil with each like common carrier and provide connections and facilities for the interchange of crude oil at every locality reached by both pipelines when the necessity exists, subject to rates and

regulations made by the appropriate State or federal regulatory agency.

6. Books, Accounts and Records; Access to Property and Records

a. Each Lessee shall maintain and preserve books, accounts and records and make those reports that the State may prescribe by regulation or law as necessary and appropriate for the purposes of administering AS 38.35. Each Lessee shall accord at all reasonable times to the State and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of such records.

a. Each Lessee agrees that it shall submit to the Commissioner or the Pipeline Coordinator, on request, any information or documents or other materials which are submitted to the Secretary of the Interior or to the Authorized Officer under the Agreement and Grant of Right-of-Way for the Trans-Alaska Pipeline between the United States and the Lessees and which are relevant to the enforcement of the rights of the State under this Lease.

7. Connections for Delivery

Lessees shall provide connections, as determined by the Alaska Pipeline Commission, under AS 42.06.340, to facilities on the Pipeline subject to the Lease, both on State Land and on other land in the State, for the purpose of delivering crude oil to persons (including the State and its political subdivisions) contracting for the purchase at wholesale of crude oil transported by the Pipeline when required by the public interest.

8. Connections for State-Owned Oil

Lessees shall, notwithstanding any other provisions, provide connections and interchange facilities at State expense at such places the State considers necessary, if the State determines to take a portion of its royalty or taxes in oil.

9. Compliance with State Laws and with Regulations and Orders to the Alaska Pipeline Commission

Lessees shall construct and operate the Pipeline in

accordance with applicable State laws and lawful regulations and orders of the Alaska Pipeline Commission.

10. Damage or Destruction of Leasehold or Other Property

Lessees shall, at their own expense, during the term of this Lease:

a. Maintain the leasehold and Pipeline in good repair;

b. Promptly repair or remedy any damage to the leasehold; and

c. Promptly compensate for any damage to or destruction of property for which the Lessees are liable resulting from damage to or destruction of the leasehold or Pipeline.

11. Transfer, Assignment, or other disposition

a. Lessees shall not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, their interest in this Lease, any rights under this Lease or the Pipeline subject to this Lease to any person other than another Owner of the Pipeline (including Subsidiaries, Parents and Affiliates of the Owners), except to the extent that the Commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property and general welfare of the people of Alaska), authorizes. The Commissioner shall not unreasonably withhold his consent to the transfer, assignment or disposal.

b. A Lessee transferring in whole or in part its right, title and interest in the Right-of-Way and this Lease shall be released from its liabilities and obligations (accrued, contingent or otherwise) to the State under this Lease to the extent and limit that the transferee assumes unconditionally the performance and observance of each such liability and obligation; provided, that if such transferee is any person other than another Owner of the Pipeline, a Lessee and/or its guarantor or guarantors shall be released from its and/or their liabilities and obligations to the State under this Lease to the extent and limit assumed by the transferee

in a transfer authorized by the Commissioner under Subsection "a" of this section.

12. Appointment of Agent for Service of Process

Lessees shall file with the Commissioner a written appointment of a named permanent resident of the State to be their registered agent in the State and to receive service of notices, regulations, decisions and orders of the Commissioner; if any Lessee fails to appoint an agent for service, service may be made upon that Lessee by posting a copy in the office of the Commissioner and filing a copy of it in the office of the Lieutenant Governor and by mailing a copy to the Lessee's last known address.

13. Indemnification of the State. Liabilities or Damages Arising where there is Concurrent Use

a. Lessees shall be liable to the State for liabilities, damages or injury incurred by the State caused by the construction, operation or maintenance of the Pipeline, and they shall indemnify the State for these liabilities, damages or injuries.

b. The party at fault shall be liable under the provisions of Article VIII, Section 8, of the Alaska Constitution for the payment of damages for injury arising from noncompliance with all terms and conditions governing concurrent use.

14. Liability and Property Damage Insurance, Security, Undertaking or Guaranty

a. Any lessee shall procure and furnish liability and property damage insurance from a company licensed to do business in the State, or furnish other security or undertaking upon the terms and conditions the Commissioner considers necessary if the Commissioner finds that the net assets of that Lessee are insufficient to protect the public from damage for which such Lessee may be liable arising out of the construction or operation of the Pipeline.

b. (i) If the Commissioner finds that the net assets of any of the Lessees are insufficient to protect the public from damage for which any of the Lessees may be liable arising out of the construction or operation of the Pipeline, the Commissioner may require such Lessee to deliver to the

Commissioner a valid and unconditional guaranty of the full and timely payment of all liabilities and obligations of the Lessee to the State under or in connection with this Lease.

(ii) It is recognized that a proposed guarantor of a Lessee may be a corporation (or an individual stockholder thereof) a partnership (or an individual partner thereof), an association that is authorized and empowered to sue and be sued and to hold the title to property in its own name (or an individual associate thereof), a joint stock company that is authorized and empowered to sue and be sued and to hold the title to property in its own name (or any individual participant therein), or a business trust (or any individual settlor thereof), and may or may not directly or indirectly own a legal or beneficial interest in the Lessee whose liabilities and obligations are sought to be guaranteed. In the case of multiple guarantors that are acceptable to the Commissioner, each shall be severally liable for only its proportionate share of any sum or payment covered by the guaranty.

(iii) Each guaranty shall be satisfactory to the Commissioner in all respects including, without limitation, the form and substance of the guaranty, the financial capability of a proposed guarantor, the availability of such guarantor to service of process, the availability of the assets of such guarantor with respect to the enforcement of judgments against the guarantor, and the number of guarantors that will be necessary to guarantee all of the liabilities and obligations which will be covered by a particular guaranty; provided, however, that the Commissioner shall not unreasonably withhold his approval with respect to a guaranty or guarantor.

(iv) The Commissioner shall have the right at any time, and from time to time, to require the substitution and delivery of a new form of guaranty in the event either that an outstanding guaranty is held to be invalid or unenforceable, in whole or in part, by a court of competent jurisdiction or that the controlling law is, by statute or judicial decision, so altered as to impair, prevent or nullify the enforcement or exercise of any right or option of the State under an outstanding guaranty; provided, however, that the outstanding guaranty (to the extent of its validity or enforceability, if any) shall continue in full force and effect with respect to any claim, suit, accrued liability or defense thereunder that exists at the time of substitution; provided, further, that

the new form of guaranty, in each such case, shall be required as to all Lessees that at the time of substitution have delivered, or are required to deliver, a guaranty.

(v) Each guaranty shall be accompanied by such certificates and opinions of legal counsel as the Commissioner may require to establish its validity. The guaranty shall include an appointment of an agent for service of process that is satisfactory to the Commissioner.

15. Lands Condemned under AS 38.35.130

Any interest in land acquired under the provisions of AS 38.35.130 for the Pipeline will become part of the land leased to the Lessees under this Lease and the costs for the acquisition thereof shall be borne by the Lessees.

16. Construction Plans. and Quality Assurance

a. Lessees shall submit construction (including design) plans, a quality assurance program, and other related documents as required by the Pipeline Coordinator for review and approval prior to the issuing of Notices to Proceed.

b. The quality assurance program shall be comprehensive and designed to assure that the environmental and technical stipulations in this Lease will be fully complied with throughout all phases of construction, operation, maintenance and termination of the Pipeline.

c. The following criteria shall be included in the quality assurance program, although Lessees are not limited to these criteria:

(i) Provide practicable and appropriate means and procedures, including contingency plans approved by the Pipeline Coordinator, for the prevention, detection and prompt abatement of any actual or potential condition that is susceptible to prevention or abatement by Lessees which arises out of, or could affect adversely, the construction, operation, maintenance or termination of all or any part of the Pipeline and which at any time may cause or threaten to cause (A) a hazard to the safety of workers or to public health or safety (including but not limited to personal injury or loss of life with respect to any Person or Persons) or (B) significant harm or damage to the environment (including but not limited to public or private property, whether real,

personal or mixed, or areas of vegetation or timber, fish or other wildlife populations or their habitats, water quality, air quality or any other natural resource).

(ii) Provide practicable and appropriate means and procedures, including contingency plans approved by the Pipeline Coordinator, for the repair and replacement of substantially damaged tangible property and the rehabilitation of substantially damaged natural resources (including but not limited to revegetation, restocking fish or other wildlife populations and reestablishing their habitats, and restoring air and water quality) if the cause of the damage arises in connection with, or results from, the construction, operation, maintenance or termination of all or any part of the Pipeline.

(iii) Provide for practicable and appropriate component and systems quality through quality control management and planning, and inspection and test procedures approved by the Pipeline Coordinator.

(iv) Assure that the selection of Lessees' contractors, subcontractors, and contract purchases of materials and services are consistent with quality control procedures required by this section.

(v) Determine quality performance by conducting surveys and field inspections approved by the Pipeline Coordinator of all the facilities of Lessees' contractors and subcontractors.

(vi) Maintain quality determination records on all of the above procedures to ensure data identification and retrieval approved by the Pipeline Coordinator.

17. Reservation of Certain Rights to the State

a. The State reserves and shall have a continuing and reasonable right of access to any part of the lands (including the subsurface of, and the air space above, such lands) that are subject to this Lease, and a continuing and reasonable right of physical entry to any part of the Pipeline, for inspection or monitoring purposes and for any other purpose or reason that is reasonably consistent with any right or obligation of the State under any law or regulation, this Lease, or any other agreement, permit or authorization relating in whole or in part to all or any part of the Pipeline.

b. The right of access and entry reserved in Subsection "a" of this section shall extend to and be enjoyed by any contractor of the State, any subcontractors (at any tier) of the contractor and their respective agents and employees, as well as such other Persons as may be designated from time to time in writing by the Pipeline Coordinator.

c. The granting of this Lease is subject to the express condition that the exercise of the rights and privileges granted under this Lease will not unduly interfere with the management, administration, or disposal by the State of the land affected by this Lease, and that the Lessees agree and consent to the occupancy and use by the State, its grantees, permittees, or other lessees of any part of the Right-of-Way not actually occupied or required by the Pipeline for the full and safe utilization of the Pipeline, for necessary operations incident to land management, administration, or disposal.

d. Pursuant to AS 38.05.125, the State reserves rights as follows:

"The party of the first part, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling, and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, succes-

sors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

e. There is reserved to the State the right to grant additional permits or easements for rights-of-way or other uses to third parties for compatible uses on, or adjacent to, the lands subject to the Right-of-Way. Before the State grants an additional right-of-way permit for a compatible use, the State will notify Lessees of its intentions and shall consult with Lessees before taking final action in that regard.

f. No rights shall be exercised by the State under this section until it complies with the provisions of AS 38.05.130.

18. Reimbursement of State Expenses

a. Lessees shall reimburse the State for all reasonable costs incurred by the State in monitoring construction (including but not limited to design review) and termination of all or any part of the pipeline system. The Commissioner shall administer this lease to reasonably assure that unnecessary employment of personnel and needless expenditure of funds are avoided.

b. Reimbursement provided for in this section and in Section 19 hereof shall be made for each quarter ending on the last day of March, June, September and December. On or before the sixtieth (60th) day after the close of each quarter, the Commissioner shall submit to Lessees a written statement of any costs incurred by the State during that

quarter which are reimbursable. This statement may be supplemented within sixty (60) days after the end of a fiscal year for costs incurred in that year but by excusable neglect not previously submitted.

c. Lessees shall have the right to conduct, at their own expense, reasonable audits by auditors or accountants designated by Lessees, of the books, records and documents of the State relating to the items on any particular statement that shall be submitted in accordance with the procedure outlined in Subsection "b" of this section, at the places where such books, records and documents are usually maintained and at reasonable times; provided, however, that written notice of a desire to conduct such an audit must be given to the Commissioner (1) at least fifteen (15) days prior to such audit, and (2) by not later than the seventy-fifth (75th) day after the close of the quarter for which the books, records and documents are sought to be audited; and provided, further, that any such audits shall be completed within ninety (90) days after receipt by Lessees of the statement containing the items to be audited.

d. Nothing herein shall require the State to maintain books, records or documents other than those usually maintained by it, provided such books, records and documents reasonably segregate and identify the costs for which reimbursement is required by this section. Such books, records and documents shall be preserved or caused to be preserved for a period of at least two (2) years after the State submits a statement for reimbursement based on such books, records and documents. The auditors or accountants designated by Lessees shall have reasonable access to, and the right to copy, at their expense, all such books, records and documents.

e. Lessees shall pay to the State the total amount shown on each statement by not later than the ninetieth (90th) day following the close of the quarter to which the statement relates; provided, however, that if any of the Lessees decide to dispute any item of a statement for reimbursement, Lessees, on or before the date on which the statement is due and payable, shall give the Commissioner written notice of each item that is disputed, accompanied by a detailed explanation of their objection, or written notice of each item to be audited, and shall pay the State those amounts for the items that are not disputed or are not to be audited. Lessees shall give the Commissioner prompt written notice of the completion

of the audit of all items of a statement being audited. On a date fixed by the Commissioner, but not more than thirty (30) days after notice of a disputed statement or after notice of the completion of the audit, the Commissioner and the Lessees shall meet to discuss and attempt to resolve, all items which are disputed or which have not been resolved by the audit. Any items resolved as being payable to the State shall be paid within thirty (30) days after being resolved, together with interest thereon, up to the date of payment at a total annual percentage rate equal to the discount rate of the Federal Reserve Bank for District Twelve (San Francisco) in effect on the original due date of the statement.

f. In addition to the right to audit quarterly statements as provided in Subsection "c" of this section, if Lessees believe that unnecessary employment of personnel or needless expenditure of funds has occurred or is likely to occur, Lessees may request the approval of the Commissioner for Lessees to conduct promptly, and at their own expense, a full and complete audit by auditors or accountants designated by Lessees, of the books, records and documents concerning the matters to be audited, at the places where the books, records and documents to be audited are usually maintained and at reasonable times. Such request shall be in writing, shall specify the matters to be audited and shall state the information available to Lessees upon which the request is based. The Commissioner shall approve or deny such request promptly, and approval of any such request shall not be unreasonably withheld. Any complaint which Lessees may have as a result of such audit shall be 'made to the Commissioner and shall be governed by the procedure set forth in Subsection "e" of this section to the extent applicable.

19. Right of the State to Perform

a. If, after thirty (30) days, or in emergencies such shorter periods as shall not be unreasonable, following the making of a demand therefor by the Commissioner in the manner that is provided in Stipulation 1.6 for giving written notices, Lessees, or their respective agents, employees, contractors or subcontractors (at any tier), shall fail or refuse to perform any action required by this Lease or by the Pipeline Coordinator under this Lease, the State shall have the right, but not the obligation, to perform any or all of such actions at the sole expense of Lessees. Prior to delivery of any such demand, the Pipeline Coordinator shall confer with the Lessees, if practicable to do so, regarding the required

action or actions that are included in the demand. The Pipeline Coordinator shall submit to Lessees a statement of the expenses incurred by the State during the preceding quarter in the performance by the State of any required action and the amount shown to be due on each such statement shall be paid by Lessees. Lessees may dispute whether the work involved was justified and the reasonableness of the specifications for, and the cost of, such work.

20. Breach; Extent of Liability of Lessees

The liabilities and obligations of each Lessee under this Lease are joint and several, except that the liabilities and obligations of each Lessee are several under the following sections:

- | | |
|-----------|--|
| Section 1 | Grant of Right-of-Way |
| 2 | Duration of Right-of-Way |
| 3 | Rental |
| 4 | Common Carrier |
| 5 | Interchange of Oil |
| 6 | Books, Accounts and Records; Access to Property and Records |
| 7 | Connections for Deliver |
| 8 | Corrections for State-Owned Oil |
| 9 | Compliance with State Laws and with Regulations and Orders of the Alaska Pipeline Commission |
| 10 | Damage or Destruction of Leasehold or Other Property |
| 11 | Transfer, Assignment, or other Disposition |
| 12 | Appointment of Agent for Service of Process |
| 13 | Indemnification of the State; Liabilities or Damages Arising where there is |

Concurrent Use

14 Liability and Property Damage Insurance,
Security, Undertaking or Guaranty

15 Lands Condemned under AS 38-35-130

18 Reimbursement of State Expenses

19 Right of the State to Perform

22 Duty of Lessees to Prevent or Abate

28 Local Hire

29 Release of Right-of-Way

30 Forfeiture of Lease

31 Agreements among Lessees

35 Remedies Cumulative; Equitable Relief

39 Authority to Enter Agreements

42 Binding Effect of Covenants

Stipulation 1.4

Stipulation 1.10.1

Provided, however, that as to any obligation to pay money to the State, each Lessee shall not be liable for any greater portion thereof than the amount of the total liability multiplied times the percentage of its undivided interest in the Right-of-Way at the times the liability was incurred.

21. Valdez Terminal Facility

Lessees shall afford representatives of the United States Department of the Interior full and free access at all times to the Valdez Terminal site for the purpose of enforcing the stipulations of the United States Department of the Interior at the facility.

22. Duty of Lessees to Prevent or Abate

a. Lessees shall prevent or, if the procedure, activity, event or condition already exists or has occurred, shall abate, as completely as practicable, using the best practicable technology available, any physical or mechanical procedure, activity, event or condition, existing or occurring at any time (1) that is susceptible to prevention or abatement; (2) that arises out of, or could affect adversely, the construction, operation, maintenance or termination of all or any part of the Pipeline; and (3) that causes or threatens to cause (a) a hazard to the safety of workers or to the public health or safety (including but not limited to personal injury or loss of life with respect to any Person or Persons) or (b) serious harm or damage to the environment (including but not limited to water and air quality, areas of vegetation or timber, fish or other wildlife populations, or their habitats, or any other natural resource).

b. Lessees shall cause their respective agents, employees, contractors and subcontractors (at any tier) to observe and comply with the foregoing provisions of this section.

23. Compliance with Notices to Proceed

All construction of the Pipeline on State Land undertaken by Lessees shall comply in all respects with the provisions of Notices to Proceed that are issued by the Pipeline Coordinator.

24. Temporary-Suspension Orders of the Pipeline Coordinator

a. The Pipeline Coordinator may at any time order the temporary suspension of any or all construction, operation, maintenance or termination activities of Lessees, their agents, employees, contractors or subcontractors (at any tier) in connection with the Pipeline, including but not limited to the transportation of Oil, if

(i) An immediate temporary suspension of such activities is necessary to protect (A) public health or safety (including, but not limited to, personal injury or loss of life with respect to any Person or Persons), or (B) the environment from immediate, serious and irreparable harm or damage (including, but not limited to, harm or damage to water and air quality, areas of vegetation or timber, fish or other wildlife populations, or their habitats, or any other natural resource);

or

(ii) Lessees, their respective agents, employees, contractors or subcontractors (at any tier) are failing or refusing, or have failed or refused, to comply with or observe (A) any provision of this Lease necessary to protect public health, safety or the environment, or (B) any order of the Pipeline Coordinator implementing any such provisions of this Lease or of any agreement, permit or authorization that shall have been duly approved, issued or granted by the Pipeline Coordinator in connection with all or any part of the Pipeline.

b. The Pipeline Coordinator shall give Lessees prior notice of any temporary suspension order as he deems practicable. If circumstances permit, the Pipeline Coordinator shall discuss with Lessees, prior to issuing the order, appropriate measures to (i) forthwith abate or avoid the harm or threatened harm that is the reason for the issuance of the order or (ii) effect compliance with the provision or order, whichever is applicable.

c. After a temporary suspension order has been given by the Pipeline Coordinator, Lessees shall promptly comply with all of the provisions of the order and shall not resume any activity suspended or curtailed thereby except as provided in this Lease or pursuant to court order.

d. Any temporary suspension order which, in an emergency, is given orally shall be confirmed in writing, as provided for in Stipulation 1.6.2. Each written order or written confirmation of an order shall set forth the reasons for the suspension. Each temporary suspension order shall be limited, insofar as is practicable, to the particular area or activity that is or may be affected by the activities or conditions that are the basis of the order. Each order shall be effective as of the date and time given, unless it specifies otherwise. Each order shall remain in full force and effect until modified or revoked in writing by the Pipeline Coordinator.

e. Resumption of any suspended activity shall be promptly authorized by the Pipeline Coordinator in writing when he is satisfied that (i) the harm or threatened harm has been abated or remedied, or (ii) Lessees have effected, or are ready, willing and able to effect compliance with the provision or order, whichever is applicable.

f. Any temporary suspension order that is given or issued in accordance with this section shall be subject to the provisions of Section 25.

25. Appeal Procedure

a. Appeals from Temporary Suspension Orders of Pipeline Coordinator; Appeals from Denials of Resumption of Suspended Activities:

(i) Lessees may appeal directly to the Commissioner for review of (A) any temporary suspension order issued by the Pipeline Coordinator pursuant to Section 24 of this Lease; and (B) any denial by the Pipeline Coordinator of a request for resumption of activities suspended pursuant to such temporary suspension order. Lessees shall file a notice of appeal for review promptly after the effective date of the order or denial being appealed. The notice shall set forth with particularity the order or denial being appealed. To perfect an appeal, Lessees shall promptly file with the Commissioner a statement of facts of the matter and a statement of applicable law supplemented by such documents and arguments on the facts and the law as Lessees may wish to present to justify modification or reversal of the order or denial. All statements of facts shall be under oath.

(ii) Except as provided hereinafer in this section, the Commissioner shall decide the appeal within three (3) days from the date the Commissioner receives notice from Lessees that all statements for review have been submitted. If the Commissioner does not render a decision within that time, the appeal shall be considered to have been denied by the Commissioner, and such denial shall constitute the final administrative decision of the Commissioner.

(iii) Any decisions of the Commissioner as to any matter arising out of this Lease shall constitute the final administrative decision of the Commissioner.

b. Appeals with Respect to Notices to Proceed:

(i) Lessees may appeal to the Commissioner if, with respect to a particular application for a Notice to Proceed (A) the Pipeline Coordinator has refused to issue the Notice to Proceed within the time described pursuant to Stipulation 1.7.4.4; or (B) the Pipeline Coordinator has issued a Notice

to Proceed not substantially in accord with the application therefor. If the Pipeline Coordinator has not acted within the prescribed time to either issue or deny the issuance of the Notice to Proceed, such failure to act shall be deemed to be a refusal by the Pipeline Coordinator to issue the Notice to Proceed.

(ii) The ground or grounds for such an appeal shall be one or more of the following:

(A) The Pipeline Coordinator has construed the applicable Stipulations erroneously; or

(B) The Pipeline Coordinator has imposed arbitrary and capricious requirements to enforce the Stipulations; or

(C) Lessees have made a bona fide effort to meet the requirements of the Pipeline Coordinator, but with the best practicable technology available, are unable to comply; or

(D) By failing to act upon the requested Notice to Proceed within the prescribed time, the Pipeline Coordinator has been unreasonable.

(iii) Each appeal under this subsection shall be subject to the appeal procedure set forth in Subsection "a" of this section.

c. As to any other matter relating to construction upon which a decision of the Commissioner is required under this Lease, the failure of the Commissioner to render a decision within three (3) days after receiving a request for a decision from the Lessees shall constitute a denial of that request and shall constitute the final administrative decision of the Commissioner.

d. As to matters not covered by Subsections "a", "b" and "c" of this section upon which a decision of the Commissioner is required under this Lease, the failure of the Commissioner to reach a decision within thirty (30) days after receiving a request for a decision from the Lessees shall constitute a denial of that request and shall constitute the final administrative decision of the Commissioner.

26. Requests to Resume; Appeals

a. If by a temporary suspension order issued

pursuant to Section 24 of this Lease, the Pipeline Coordinator has ordered the suspension of an activity of Lessees, Lessees may at any time thereafter file with the Pipeline Coordinator a request for permission to resume that activity on the ground that the reason for the suspension no longer exists. The request shall contain a statement, under oath, of the facts which in Lessees' view support the propriety of resumption.

b. The Pipeline Coordinator shall render a decision, either granting or denying the request, within three (3) days of the date that the request was filed with him. If the Pipeline Coordinator does not render a decision within that time, the request shall be considered denied and the Lessees may appeal to the Commissioner as provided in Section 25.

27. Liability of the State

Lessees agree that neither the State nor any of its officials, employees, agents or contractors shall be liable for money damages for any loss caused to Lessees, their agents or contractors, by reason of decisions made in respect to the application and administration of this Lease; provided, however, this Lease shall not be interpreted to excuse the State, its officials, employees, agents or contractors from liability for damages or injuries resulting from other acts which are acts of negligence or acts of willful misconduct.

28. Local Hire

Lessees shall comply with all valid and applicable laws and regulations with regard to hire of Alaska residents. Qualified Alaska residents shall be hired as required by AS 38.40; Lessees shall not discriminate against Alaska residents, as prohibited by AS 38.40 and other applicable and valid laws and regulations of the State of Alaska. All valid and appropriate provisions of AS 38.40 are incorporated by reference into this Lease.

29. Release of Right-of-Way

a. In connection with the relinquishment, abandonment or other termination before the expiration of the grant of the Right-of-Way, of any right or interest in the Right-of-Way, and/or in the use of all or any part of the lands subject to the Right-of-Way, each Lessee holding such right or interest shall promptly execute and deliver to the State, through the Commissioner, a valid instrument of release

in recordable form, which shall be executed and acknowledged with the same formalities as a deed. The instrument of release shall contain, among other things, appropriate recitals, a description of the pertinent rights and interests, and for the benefit of the State and its grantees or assigns, express representations and warranties by the Lessees that they are the sole owners and holders of the rights or interests described therein and that such rights or interests are free and clear of all liens, equities or claims of any kind requiring or that may require the consent of a third party, claiming in whole or in part by, through or under the Lessees, for the valid release or extinguishment thereof, except for such that are owned or claimed by third parties which have joined in the execution of the release. The form and substantive content of each instrument of release shall be approved by the Commissioner, but except as otherwise expressly provided for in this subsection, in no event shall any such instrument operate to increase the then-existing liabilities and obligations of the Lessees furnishing the release.

b. Each release shall be accompanied by such resolutions and certifications as the Commissioner may require in connection with the power or the authority of the Lessees, or of any officer or agent acting on their behalf, to execute, acknowledge or deliver the release.

c. Neither the tender, nor the tender, approval and acceptance, of any such release shall operate as an estoppel or waiver of any claim or judgment against a Lessee or as a relief or discharge, in whole or in part, of any Lessee from any of its then-existing liabilities or obligations (accrued, contingent or otherwise); and notwithstanding any such tender or delivery, or any approval of the Commissioner, if a release shall contain any provision that operates, or that by implication might operate, to discharge or relieve, in whole or in part, a Lessee of and from any of its liabilities or obligations (accrued, contingent or otherwise) or that operates or might operate as an estoppel or waiver of any claim or judgment against a Lessee or as a covenant not to sue, such provision shall be, and shall be deemed to be, void and of no effect whatsoever insofar as it would have the effect of so discharging or relieving a Lessee or operating as an estoppel, waiver or covenant not to sue.

30. Forfeiture of Lease

Failure to begin construction of the Pipeline within a reasonable time of the granting of this Lease for reasons within the control of the Lessee or failure of a Lessee of an interest in the Right-of-Way substantially to comply with the terms of the Lease shall be grounds for forfeiture of the Right-of-Way interest of the Lessee in an action brought by the Commissioner in the Superior Court. Before the commencement of an action for forfeiture of an interest in the Right-of-Way under this section, the Commissioner shall give the Lessee or Owner of the interest notice in writing of the alleged default and shall not commence the proceeding unless the Lessee of the interest has failed to initiate good faith efforts to cure the default within 60 days of the notice of the alleged default.

31. Agreements Among Lessees

a. The Original Lessees, and each of them, represent and covenant with the State that they have entered into only the following agreements, and no other agreements, written or oral (excluding prior agreements that no longer have any force or effect), which establish each original Lessee's interest in the Pipeline and each Original Lessee's relationships with the common agent, as referred to in Stipulation 1.4, for all or any phase of the construction, operation, maintenance and termination of the Pipeline or any part thereof:

(i) Agreement entitled "Trans-Alaska Pipeline System Agreement", dated as of August 27, 1970, by and among Atlantic Pipe Line Company*, BP Pipe Line Corporation*, Humble Pipe Line Company*, Amerada Hess Corporation, Home Pipe Line Company, Mobil Pipe Line Company, Phillips Petroleum Company, and Union Oil Company of California, with Exhibit "C," entitled "Enabling Agreement," annexed thereto;

(ii) Agreement entitled "First Supplemental Agreement," dated as of August 27, 1970, by the same parties;

(iii) Agreement entitled "Second Supplemental Agreement," dated as of August 27, 1970, by the same parties;

(iv) Agreement entitled "Third Supplemental Agreement," dated as of August 27, 1970, by the same parties;

(v) Agreement entitled "Fourth Supplemental Agreement," dated as of August 27, 1970, by the same parties;

(vi) Agreement entitled "Fifth Supplemental Agreement", dated as of August 27, 1970, by the same parties;

(vii) Agreement entitled "Agreement for the Design and Construction of the Trans-Alaska Pipeline System," dated as of August 27, 1970, by and among Atlantic Pipe Line Company, BP Pipe Line Corporation, Humble Pipe Line Company, Amerada Hess Corporation, Home Pipe Line Company, Mobil Pipe Line Company, Phillips Petroleum Company, Union Oil Company of California, and Alyeska Pipeline Service Company;

(viii) Agreement entitled "Shareholders Agreement for Alyeska Pipeline Service Company," dated as of August 27, 1970, by the same parties as those listed with respect to the Agreement referred to immediately above;

(ix) Assignment, Assumption, Release and Consent Agreement, dated as of August 28, 1970, in connection with the transfer by Home Pipe Line Company of all of its rights, title and interest in the Pipeline System and in the foregoing agreements, and as a shareholder in and to Alyeska Pipeline Service Company;

(x) Assignment, Conveyance, and Transfer Agreement, dated December 11, 1973, in connection with the transfer by Mobil Pipe Line Company to Mobil Alaska Pipeline Company, a Delaware corporation, of all of the former company's rights under all agreements relating to the Trans-Alaska Pipeline System, to which the former company is a party, and all real or personal property in which the former company may have acquired an ownership interest pursuant to such agreements, and under which Assignment, Conveyance, and Transfer Agreement Mobil Alaska Pipeline Company assumes all undischarged obligations of Mobil Pipe Line Company under any and all of the above mentioned Trans-Alaska Pipeline System agreements, together with certain supporting documents, each dated

*Note: ARCO Pipe Line Company, a Delaware corporation, represents and covenants that it is the successor by merger to all of the rights and obligations of Atlantic Pipe Line Company. Sohio Pipe Line Company, a Delaware corporation, represents and covenants that it is the successor by merger to all of the rights and obligations of BP Pipe Line Corporation. Exxon Pipeline Company, a Delaware corporation, represents and covenants that it is the same corporation as Humble Pipe Line Company, but that its name has been duly changed to "Exxon Pipeline Company."

December 11, 1973; and

(xi) Assignment, Conveyance, and Transfer Agreement, dated January 8, 1974, in connection with the transfer by Union Oil Company of California to Union Alaska Pipeline Company, a California corporation, of all of the former company's rights under all agreements relating to the Trans-Alaska Pipeline System to which the former company is a party, and all real or personal property in which the former company may have acquired an ownership interest pursuant to such agreements, and under which Assignment, Conveyance and Transfer Agreement Union Alaska Pipeline Company assumes all undischarged obligations of Union Oil Company of California under any and all of the above mentioned Trans-Alaska Pipeline System agreements.

b. Said agreements are referred to collectively as the "Ownership Agreements." Each affected Lessee shall deliver promptly to the Commissioner true and correct copies of all modifications of the Ownership Agreements and of all instruments superseding, supplementing, canceling or rescinding, in whole or in part, any one or more of the Ownership Agreements.

c. In the event Lessees execute an Operating Agreement, as contemplated in Section 5.1 of the Agreement described in Subsection "a"(i) above in this section, or any like or similar agreement with respect to the operation, maintenance or termination of all or any part of the Pipeline, Lessees shall promptly provide the Commissioner with a true and complete copy thereof, together with like copies of all modifications of, and all agreements superseding, supplementing, cancelling or rescinding, in whole or in part, the Operating Agreement or any such like or similar agreement.

32. Rights of Third Parties

The parties hereto do not intend to create any rights under this Lease that may be enforced by third parties for their own benefit or for the benefit of others.

33. Covenants Independent

Each covenant contained in this Lease is, and shall be deemed to be, separate and independent of, and not dependent on, any other covenant contained in this Lease.

34. Waiver not Continuing

The waiver by any party hereto of any breach of any provision of this Lease by any other party hereto, whether such waiver be expressed or implied, shall not be construed to be a continuing waiver or a waiver of, or consent to, any subsequent or prior breach on the part of such other party, of the same or any other provision of this Lease.

35. Remedies Cumulative Equitable Relief

No remedy conferred by this Lease upon or reserved to the State or the Lessees is intended to be exclusive of any other remedy provided for by this Lease or by law, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in equity or at law; and the State, in a proper action instituted by it, may seek a decree against a Lessee or Lessees for specific performance and injunctive or other equitable relief, as may be appropriate.

36. Section Headings

The section headings in this Lease are for convenience only, and do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the section to which they pertain.

37. Interpretation of Lease

The applicable law of the State will be used in resolving questions of interpretation of the Lease.

38. Multiple Copies

This Lease shall be executed in eight (8) counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

39. Authority to Enter Agreement

Each Lessee represents and warrants to the State that (a) it is duly authorized and empowered under the applicable laws of the state of its incorporation and by its charter and by-laws to enter into and perform this Lease in accordance with the provisions hereof; (b) its board of directors or duty

authorized executive committee has duly approved and has duly authorized the execution, delivery and performance of this Lease insofar as it pertains to the obligations of that Lessee; (c) all corporate and shareholder action that may be necessary or incidental to the approval of this Lease, and the due execution and delivery hereof by Lessee, has been taken; and (d) that all of the foregoing approvals, authorizations and actions are in full force and effect at the time of the execution and delivery hereof.

40. Exhibits: Incorporation of Certain Documents by Reference: Other Exhibits

a. The exhibits that are attached to this Lease and that are listed below in this subsection are, by this reference, incorporated into and made a part of this Lease as if the exhibits were set forth herein in their entirety:

(i) Stipulations for the Right-of-Way Lease for the Trans-Alaska Pipeline, being numbered 1 through 4.1, inclusive, attached hereto as Exhibit "A," which are sometimes referred to in this Lease as the "Stipulations." These provisions are included pursuant to the provisions of AS 38.35.120(d) which require terms and conditions that are reasonably necessary to obligate the Lessees, to the extent reasonably practicable, to (A) prevent conflicts with other existing uses of the land involving a superior public interest; (B) protect State and private property interests; (C) prevent any significant adverse environmental impact, including but not limited to the erosion of the surface of the land, and damage to fish and wildlife and their habitat; (D) restore and revegetate during the term and at termination of this Lease; and (E) protect the interests of individuals living in the general area of the Right-of-Way who rely on fish, wildlife and biotic resources of the area for subsistence purposes.

(ii) A reference to the application for a right-of-way and a reference to the accompanying alignment maps and site location drawings for the Pipeline attached hereto as Exhibit "B."

(iii) A description of the State Land included in the General Route attached hereto as Exhibit "C."

(iv) A description of the Right-of-Way, including all relevant dimensions, for Related Facilities attached

hereto as Exhibit "D."

b. The exhibits that are attached to this Lease that are listed below in this subsection are not incorporated into, and are not intended to be made a part of, this Lease. They are attached hereto only for informational purposes:

(i) Cooperative Agreement between the State of Alaska and the United States Department of Interior regarding the Proposed Trans-Alaska Pipeline attached hereto as Exhibit "E."

(ii) Documents delegating certain responsibilities and authority of the Commissioner of Natural Resources to a Pipeline Coordinator attached hereto as Exhibit "F."

41. Lease Not a Waiver of Any State Regulatory Power

This Lease and the covenants contained herein shall not be interpreted as a limit on the exercise by the State of Alaska of any power conferred by valid statute or regulation to protect the environment, health, safety, general welfare, lives, or property of the people of the State of Alaska.

42. Binding Effect of Covenants

The parties acknowledge that all covenants of this Lease are required by the Commissioner. By entering into this Lease, each Lessee is bound by such covenants to the full extent of the power of the State to impose the covenants under its authority as owner of the land herein leased or under its police or regulatory powers or otherwise; provided that the rights of any or all Lessees to challenge the power of the State to require any of these covenants as owner of the land herein leased or under its police or regulatory powers or otherwise is preserved until such time as action to enforce the covenant is taken by the State. Before commencing any such action the Commissioner shall give all Lessees written notice of intent to enforce, and he shall not commence enforcement proceedings unless Lessees have failed to initiate good faith efforts to comply with the notice within thirty (30) days of said notice. Compliance with any covenant or with any such notice by any or all Lessees, shall not constitute a waiver of its or their rights to challenge, from time to time, the power of the State to require or to enforce the same or any other covenant in any subsequent action to enforce taken by the State. A judicial finding that any of these covenants is unlawful or invalid shall not operate to

invalidate this Lease or any other covenant of the Lease.

IN WITNESS WHEREOF, the parties hereto have duly
executed this Lease as of the date first above written.

STATE OF ALASKA

AMERADA HESS CORPORATION

By: _____
Commissioner
Department of Natural Resources

ARCO PIPE LINE COMPANY

EXXON PIPELINE COMPANY

President

MOBIL ALASKA PIPELINE
COMPANY

E.J. Wacker, Jr.
Vice President

PHILLIPS PETROLEUM COMPANY

SOHIO PIPE LINE COMPANY

President

UNION ALASKA PIPELINE
COMPANY

President

EXHIBIT A

STIPULATIONS FOR THE RIGHT-OF-WAY LEASE

FOR THE TRANS-ALASKA PIPELINE SYSTEM

EXHIBIT A
STIPULATIONS FOR THE RIGHT-OF-WAY LEASE
FOR THE TRANS-ALASKA PIPELINE

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1. GENERAL

1.1. Definitions

1.1.1. As used in these Stipulations and elsewhere in this "Right-of-Way Lease for the Trans-Alaska Pipeline", the following terms have the following meanings:

1.1.1.1. "Access Roads" means the roads constructed or used by Lessees within, or for ingress to and egress from, the Pipeline. It does not include the proposed State highway from the Yukon River to Prudhoe Bay, Alaska, or any other State highway.

1.1.1.2. "Affiliate" means (a) a Subsidiary of a Parent, or (b) the Parent of a Subsidiary, or (c) in the case of a corporate Subsidiary, a corporation that shares the Parent with the Subsidiary by reason of the fact that all of the outstanding capital stock of each of the corporations that share the Parent is owned directly or indirectly by the Parent, or (d) in the case of Sohio Pipe Line Company, any corporation of which all of the outstanding capital stock is owned directly or indirectly by The Standard Oil Company, an Ohio corporation, or The British Petroleum Company, Limited, a United Kingdom corporation, or both.

1.1.1.3. "Affiliates" means more than one Affiliate.

1.1.1.4. "Authorized Officer" means the employee of the United States Department of Interior, designated by the Secretary of the Interior, to whom the Secretary of the Interior delegates the authority to act on behalf of the Secretary of the Interior pursuant to the Agreement and Grant of Right-of-Way for Trans-Alaska Pipeline between the United States of America and the Original Lessees, or such other Person to whom the Authorized Officer redelegates his authority pursuant to the delegation of authority to the Authorized Officer from the Secretary of the Interior.

1.1.1.5. "Business Entity" means a legal entity, formed to conduct one or more ventures for profit, or not for profit, that is duly authorized and empowered to sue and be sued, and to hold the title to property, in its own name.

1.1.1.6. "Commissioner" means the Commissioner of Natural Resources of the State of Alaska.

1.1.1.7 "Commissioning" means the acceptance and taking of custody by any of the Lessees of the first Oil tendered for shipment through the Pipeline after provision for line fill and tank bottoms. Lessees shall, by written notice, promptly advise the Commissioner of the date upon which acceptance and taking of custody takes place.

1.1.1.8. "Construction Mode" means the type of construction to be employed generally with regard to the Pipeline (e.g., whether the pipe will be buried or elevated).

1.1.1.9. "Construction Modes" means more than one Construction Mode.

1.1.1.10. "Construction Segment" means a portion of the Pipeline that constitutes a complete physical entity or stage, in and of itself, which can be constructed, independently of any other portion or stage of the Pipeline, in a designated area or between two given geographical points reasonably proximate to one another. It is not to be construed as referring to the entirety of the Pipeline.

1.1.1.11. "Construction Segments" means more than one Construction Segment.

1.1.1.12. "Construction Subdivision" means any one of approximately six (6) large, lineal sections of the route of the Pipeline as determined by the Pipeline Coordinator after consulting with Lessees.

1.1.1.13. "Construction Subdivisions" means more than one Construction Subdivision.

1.1.1.14. "Final Design" comprises completed design documents. It shall include contract plans and specifications; proposed Construction Modes; operational requirements necessary to justify designs; schedules; design analysis (including sample calculations for each particular design feature); all functional and engineering criteria; summaries of tests conducted and their results; and other considerations pertinent to design and project life expectancy.

1.1.1.15. "General Route" means the general route of the pipeline across State land as shown on the alignment map referred to in Exhibit B attached hereto, and it encompasses

and includes the sections specifically listed in Exhibit C.

1.1.1.16. "Lease" means the instrument or extension of an instrument issued by the Commissioner granting a Leasehold interest in State Land for pipeline right-of-way purposes to a Person and authorizing the construction or operation of, or transportation, service or sale by, a pipeline for Oil.

1.1.1.17. "Leasehold" means the interest in real property granted to Lessees pursuant to AS 38.35.

1.1.1.18. "Lessee" means any one of the Lessees.

1.1.1.19. "Lessees" means the Original Lessees, or their respective successors, sublessee and/or assigns holding an undivided ownership interest in the Right-of-Way to the extent issued or authorized by the Commissioner in accordance with the provisions of this Lease.

1.1.1.20. "Lieutenant Governor" means the Lieutenant Governor of the State of Alaska.

1.1.1.21. "Mapping Segment" means a Construction Subdivision, or any part thereof, as determined by the Pipeline Coordinator; provided, however, that with respect to a pump station, basic communication site, remote control valve site, mechanical refrigeration equipment site and other like Related Facility, a Mapping Segment means the entire site.

1.1.1.22. "Notice to Proceed" means a permission to initiate Pipeline construction that is issued in accordance with Stipulation 1.7.1.1.

1.1.1.23. "Notices to Proceed" means more than one Notice to Proceed.

1.1.1.24. "Oil" means unrefined liquid hydrocarbons, including gas liquids.

1.1.1.25. "Operation" means all activities connected with the transportation of Oil through the Pipeline including maintenance of the Pipeline.

1.1.1.26. "Original Lessee" means any one of the Original Lessees.

- 1.1.1.27. "Owner" means any one of the Lessees.
- 1.1.1.28. "Owners" means more than one Owner.
- 1.1.1.29. "Parent" means a Person or Business Entity whose direct or indirect legal or beneficial ownership interest in, or with respect to, a Transferee or Lessee enables that Person or Business Entity to control the Transferee's or the Lessee's management or policies.
- 1.1.1.30. "Parents" means more than one Parent.
- 1.1.1.31. "Person" means a natural person.
- 1.1.1.32. "Persons" means more than one Person.
- 1.1.1.33. "Pipeline" means all the facilities including Related Facilities of a total system of pipe (whether owned or operated under a contract, agreement, or lease) used by a carrier for transportation of crude oil, natural gas, or products for delivery, for storage, or for further transportation, and including all pipe, pump or compressor stations, station equipment tanks, valves, access roads, bridges, airfields, terminal and terminal facilities, including docks and tanker loading facilities, operations control center for both the upstream part of the pipeline and the terminal, tanker ballast treatment facilities, and fire protection system, communication system, and all other facilities used or necessary for an integral line of pipe, taken as a whole, to effectuate transportation, including an extension or enlargement of the line.
- 1.1.1.34. "Pipeline Coordinator" means the authorized representative of the Commissioner of Natural Resources delegated the authority and responsibility of administering a portion or all of the provisions of this Lease. In the event the Commissioner has not delegated authority or responsibility, the Commissioner shall act as the Pipeline Coordinator.
- 1.1.1.35. "Preliminary Design" means the establishment of project criteria (i.e., construction, including design, and operational concepts) necessary to delineate the project to be constructed. As a minimum it includes the following: design criteria and project concepts; evaluation of field data used to establish the design criteria; drawings showing functional and technical

requirements; reports of all test data compiled during the data collection and preliminary design evaluation; standard drawings (if applicable) or drawings to support structural design concepts of each typical facility or structure; proposed Construction Modes; outline project specifications; sample computations to support the design concepts and bases for project siting.

1.1.1.36. "Related Facilities" means those structures, devices, and improvements and the sites therefor, the substantially continuous use of which is necessary for the operation or maintenance of the Oil transportation pipeline, including:

- (1) line pipe and supporting structures;
- (2) valves and other control devices, and structures housing them;
- (3) monitoring and communications devices, and structures housing them;
- (4) surge and storage tanks, and related containment structures;
- (5) bridges;
- (6) terminals, including associated buildings, heliports, structures, yards, docks, and fences;
- (7) a fuel transporting facility and electrical power lines necessary to serve the Pipeline;
- (8) retaining walls, berms, dikes, ditches, cuts and fills, including hydraulic control structures;
- (9) storage buildings and structures, and areas for storage of supplies and equipment;
- (10) administrative buildings;
- (11) cathodic protection devices;
- (12) mechanical refrigeration equipment; and
- (13) such other facilities as the Pipeline Coordinator shall determine to be Related Facilities.

1.1.1.37. "Related Facilities" not authorized by this Lease include roads and airports. Authorizations for such Related Facilities may be given by other instruments.

1.1.1.38. "Related Facility" means any one of the Related Facilities.

1.1.1.39. "State Land" means State land as defined in AS 38.05.365; public land of the United States selected by the State under Sec. 6 of the Alaska Statehood Act of 1958 (PL 85-508; 72 Sec. 399), as amended; real property of the United States transferred to the State under Secs. 21, 35 and 45 of the Alaska Omnibus Act of 1959 (PL 86-70; 73 Sec. 141), as amended; "Category 1(C) Lands" as those lands are defined in Exhibit E hereto; and any interest owned or hereafter acquired by the State in land.

1.1.1.40. "Stipulation" means any one of the Stipulations.

1.1.1.41. "Subsidiaries" means more than one Subsidiary.

1.1.1.42. "Subsidiary" means a Business Entity, the management and policies of which are controlled by a Parent directly or indirectly through one or more intermediaries.

1.1.1.43. "Termination" means all activities connected with the expiration, cancellation, or completion of use of the Right of-Way.

1.1.1.44. Terms defined elsewhere in this Lease:

<u>Term</u>	<u>Page</u>
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1.2. Responsibilities

1.2.1. Except where the approval of the Pipeline Coordinator is required before Lessees may commence a particular operation, neither the state nor any of its agents or employees agrees, or is in any way obligated, to examine or review any plan, design, specification, or other document which may be filed with the Pipeline Coordinator by Lessees pursuant to these Stipulations.

1.2.2. The absence of any comment by the Pipeline Coordinator or any other agent or employee or contractor of the State with respect to any plan, design, specification, or other document which may be filed by Lessees with the Pipeline Coordinator shall not be deemed to represent in any way whatever any assent to, approval of, or concurrence in such plan, design, specification, or other document or of any action proposed therein.

1.2.3. With regard to the construction, Operation, maintenance and Termination of the Pipeline: (1) Lessees shall ensure full compliance with the provisions of this Lease including these Stipulations, by their agents, employees and contractors (including subcontractors of any tier), and the employees of each of them. (2) Unless clearly inapplicable, the requirements and prohibitions imposed upon Lessees by these Stipulations are also imposed upon each Lessee's agents, employees, contractors, and subcontractors, and the employees of each of them. (3) Failure or refusal of a Lessee's agents, employees, contractors, subcontractors, or their employees to comply with these Stipulations shall be deemed to be the failure or refusal of the Lessee. (4) Each Lessee shall require its agents, contractors and subcontractors to include these Stipulations in all contracts and subcontracts which are entered into by any of them, together with a provision that the other contracting party, together with its agents, employees, contractors and subcontractors, and the employees of each of them, shall likewise be bound to comply with these Stipulations.

1.2.4. Lessees shall make separate application,

under applicable statutes and regulations, for authorization to use or occupy State Land in connection with the Pipeline where the lands are not within the Right-of-Way granted by this Lease.

1.3. Pipeline Coordinator

1.3.1. For purposes of information and review, the Pipeline Coordinator may call upon Lessees at any time to furnish any or all data related to pre-construction, construction, operation, maintenance and termination activities undertaken in connection with the Pipeline.

1.3.2. The Pipeline Coordinator may require Lessees to make such modification of the Pipeline on State Land without liability or expense to the State, as he deems necessary to: protect or maintain stability of geologic materials; protect or maintain integrity of the Pipeline; prevent serious and irreparable harm to the environment (including but not limited to water and air quality, fish or wildlife populations, or their habitats); or remove hazards to public health and safety.

1.4. Common Agent of Lessees

1.4.1. Lessees, and each of them, have appointed Alyeska Pipeline Service Company as their common agent to design and construct the Pipeline under and pursuant to an agreement entitled "Agreement for the Design and Construction of the Trans-Alaska Pipeline System," dated August 27, 1970, and intend to appoint Alyeska Pipeline Service Company as their common agent to operate, maintain and terminate the Pipeline System under and generally pursuant to an Operating Agreement referred to in Section 5.1 of the "Trans-Alaska Pipeline System Agreement," dated August 27, 1970. A Power of Attorney has been filed with the Department of Natural Resources by each Lessee appointing Alyeska Pipeline Service Company the true and lawful agent and attorney-in-fact on behalf of each Lessee with full power and authority to execute and deliver any and all instruments in connection with the design, construction, or operation of the Pipeline. Within the scope of such contractual authority, such agent shall represent Lessees and each of them, with respect to this Lease. Such agent is and shall be empowered on behalf of Lessees, and each of them, to accept service of any process, pleadings or other documents in connection with any court or

administrative proceeding relating in whole or in part to this Lease or to all or any part of the Pipeline and to which the State shall be a party.

1.4.2. Lessees shall maintain a common agent for the construction, operation, maintenance and Termination of the Pipeline at all times during the term of this Lease. Such agent shall be a citizen of the United States, or, if a corporation, it shall be duly authorized to conduct business in Alaska. Lessees shall cause such agent to maintain in the City of Anchorage, Alaska, at all times during this Lease an office for the delivery of all documents, orders, notices and other written communications, as provided for in Stipulations 1.4.1 and 1.6.

1.4.3. In the event Lessees substitute a new common agent at any time, Lessees shall give prompt written notice to the Pipeline Coordinator of such substitution, the name and office address in Anchorage, Alaska, of the new agent, and a copy of Lessee's agreement with the new agent. The State shall be entitled to rely on each appointment until such time as a notice of the substitution of a new common agent takes effect. Each such notice shall not take effect until two (2) full working days after (and not including) the date that it was received by the Pipeline Coordinator.

1.4.4. Upon the Transfer by any Lessee of any right, title or interest of Lessee in the Right-of-Way or this Lease, the Transferee shall promptly execute and deliver to the Commissioner such documents as may be required to evidence the Transferee's appointment and ratification of the then-acting common agent.

1.5. Authority of Representatives of Pipeline Coordinator and Common Agent; Orders of Commissioner.

1.5.1. No order or notice given to Lessees on behalf of the Pipeline Coordinator or any other Person shall be effective as to Lessees unless prior written notice of the delegation of authority to issue such order or notice has been given to Lessees in the manner provided in Stipulation 1.6.

1.5.2. Lessees shall comply with each and every lawful order directed to them and that is issued by the Pipeline Coordinator or by any duly authorized representative of the Pipeline Coordinator.

1.5.3. Lessees shall cause the common agent of Lessees to maintain a sufficient number of its duly authorized representatives to allow for the prompt delivery to Lessees, or any of them, of all notices, orders and other communications, written or oral, of the Pipeline Coordinator. Each of the said representatives shall be registered with the Pipeline Coordinator, and shall be appropriately identified in such manner and on such terms as the Pipeline Coordinator shall prescribe. Lessees shall cause the common agent of Lessees to consult with the Pipeline Coordinator at any time regarding the number and location of such representatives of the common agent.

1.6. Orders and Notices

1.6.1. All decisions, determinations, authorizations, approvals, consents, demands or directions that shall be made or given by the Pipeline Coordinator to any one or more of Lessees in connection with the enforcement or administration of this Lease, or any other agreement, permit or authorization relating in whole or in part to all or any part of the Pipeline shall, except as otherwise provided in Stipulation 1.6.2. of these Stipulations, be in the form of a written order or notice.

1.6.2. If, in the judgment of the Pipeline Coordinator, there is an emergency that necessitates the immediate issuance to any one or more of Lessees of an order or notice, such order or notice may be given orally; provided, however, that subsequent confirmation of the order or notice shall be given in writing as rapidly as is practicable under the circumstances.

1.6.3. All written orders, notices or other written communications, including telegrams, relating to any subject (and regardless of whether they do or do not relate to the design or construction of the Pipeline) that are addressed to any one or more of Lessees shall be deemed to have been delivered to and received by the addressee or addressees when the order, notice or other communication has been delivered: (1) either by messenger during normal business hours or by means of registered or certified United States mail, postage prepaid, return receipt requested, to the office of the common agent of Lessees at 1815 South Bragaw Street, Anchorage, Alaska 99504, or (2) personally to any authorized representative of the common agent.

1.6.4. All written notices and communications, including telegrams, of any one or more of Lessees that are addressed to the Pipeline Coordinator shall be deemed to have been delivered to and received by the Pipeline Coordinator when the notice or communication has been delivered, either by messenger during normal business hours or by means of registered or certified United States mail, postage prepaid, return receipt requested, to the Pipeline Coordinator personally or to the Office of the Pipeline Coordinator, First National Bank Building, 425 "G" Street, Suite 750, Anchorage, Alaska 99501.

1.6.5. The State or Lessees by written notice to the other, may change the office address to which written notices, orders, or other written communications may be addressed and delivered thereafter, subject, however, to the provisions of Stipulation 1.4.

1.7. Notices to Proceed

1.7.1. Permission to construct.

1.7.1.1. Lessees shall not initiate any construction of the Pipeline on State Land without prior written permission of the Pipeline Coordinator. Such permission shall be given solely by means of a written Notice to Proceed issued by the Pipeline Coordinator. Each Notice to Proceed shall authorize construction only as therein expressly stated and only for the particular Construction Segment therein described.

1.7.1.2. The Pipeline Coordinator shall issue a Notice to Proceed only when in his judgment the construction (including design) and operation proposals are in conformity with the provisions of these Stipulations.

1.7.1.3. By written notice, the Pipeline Coordinator may revoke in whole or in part any Notice to Proceed which has been issued when in his judgment unforeseen conditions later arising on State Land require alterations in the Notification to Proceed in order to: protect or maintain stability of geologic materials; protect or maintain integrity of the Pipeline; prevent serious and irreparable harm to the environment (including but not limited to water and air quality, fish, wildlife, or their habitats); or remove hazards to public health and safety.

1.7.1.4. Prior to submission of any Preliminary Designs or applications for any Notice to Proceed, Lessees and the Pipeline Coordinator shall agree to a schedule for the time, scope and quantity of such submissions and applications. The purpose of such schedule is to assure that Lessees' submissions and applications shall be reasonable in scope, and filed in a reasonable time frame, insofar as the workload thereby imposed on the Pipeline Coordinator is concerned. Submittals and applications shall be filed in accordance with said schedule, and the Pipeline Coordinator may refuse to consider any that are not so filed. The schedule may be reviewed and revised from time to time as may be agreed upon the Lessees and the Pipeline Coordinator.

1.7.2. Preliminary Design Submissions

1.7.2.1. Prior to applying for a Notice to Proceed for any Construction Segment on State Land, Lessees shall submit the Preliminary Design for that Segment to the Pipeline Coordinator for approval. Where appropriate, each submission shall include the criteria which justify the selection of the Construction Modes. The Pipeline Coordinator shall expeditiously review each submission and shall do so within thirty (30) days from the date of his receipt of the submission. The Pipeline Coordinator may request additional information if he deems it necessary.

1.7.2.2. In appropriate cases, the Pipeline Coordinator may waive the requirement that a Preliminary Design be submitted. In this circumstance, Lessees may proceed to apply for a Notice to Proceed in accordance with Stipulation

1.7.3. Summary Network Analysis Diagram

1.7.3.1. Prior to Final Design submissions, Lessees shall submit a summary network analysis diagram for the entire project to the Pipeline Coordinator. The summary network analysis diagram shall be time-scaled and shall include all activities and contingencies which may reasonably be anticipated in connection with the project. The summary network analysis diagram shall include:

- (1) Data collection activities;
- (2) Submittal and approval activities;

(3) Pre-construction, construction and post-construction activities; and

(4) Other pertinent data.

1.7.3.2. The summary network analysis diagram shall be updated at thirty (30) day intervals, as significant changes occur or as otherwise approved in writing by the Pipeline Coordinator.

1.7.4. Application for Notice to Proceed

1.7.4.1. Lessees may apply for a Notice to Proceed on State Land for only those Construction Segments for which the Preliminary Design has been approved in writing by the Pipeline Coordinator or a waiver pursuant to Stipulation 1.7.2.2 has been issued in writing by the Pipeline Coordinator.

1.7.4.2. Before applying for a Notice to Proceed for a Construction Segment, Lessees shall, in such manner as shall be acceptable to the Pipeline Coordinator, by survey, locate and clearly mark on the ground the proposed centerline of the line of pipe to be located in the Mapping Segment on State Land within which the Construction Segment is to be constructed and the location of all Related Facilities proposed to be constructed in the Mapping Segment.

1.7.4.3. Each application for a Notice to Proceed shall be supported by:

(1) A Final Design.

(2) All reports and results of environmental studies conducted or considered by Lessees.

(3) All data necessary to demonstrate compliance with the terms and conditions of these Stipulations with respect to that particular Construction Segment.

(4) A detailed network analysis diagram for the Construction Segment, including: Lessees' work schedules; consents, permits or authorizations required by State and Federal agencies and their interrelationships; design and review periods; data collection activities; and construction sequencing. The detailed network analysis diagram shall be updated as required to reflect current status of the

project.

(5) A map or maps, prepared in such manner as shall be acceptable to the Pipeline Coordinator, depicting the proposed location in the Mapping Segment within which the Construction Segment is to be constructed of: (1) the boundaries of all contiguous temporary use areas, and (2) all improvements, buried or above-ground, that are to be constructed within the Mapping Segment. The Pipeline Coordinator shall not issue a Notice to Proceed with construction until he has approved all appropriate locations on the ground and temporary boundary markers have been set by Lessees to the satisfaction of the Pipeline Coordinator.

(6) An Oil spill contingency plan and other contingency plans.

(7) Such other data as may be requested by the Pipeline Coordinator either before submission of the application for a Notice to Proceed or at any time during the review period.

1.7.4.4. The Pipeline Coordinator shall review each application for a Notice to Proceed and all data submitted in connection therewith within ninety (90) days. Said ninety (90) day period shall begin from the later of the following dates:

(1) Date of receipt by the Pipeline Coordinator of an application for a Notice to Proceed.

(2) Date of receipt by the Pipeline Coordinator of the last submittal of additional data pursuant to this Stipulation.

During review of an application for a Notice to Proceed, the appropriate portion of the route of the Pipeline may be modified by the Pipeline Coordinator and relocated to another position within the General Route if in his judgment the modification is desirable to achieve any of the objectives set forth in Stipulation 1.7.1.3. If, during construction, adverse physical conditions are encountered that were not known to exist, or that were known to exist but their significance was not fully appreciated when the Pipeline Coordinator issued a Notice to Proceed for the portion of the Mapping Segment in which the physical conditions are encountered, the Pipeline Coordinator may authorize deviations from the initially approved location of the Pipeline to another location within

the General Route of the Pipeline at the point or points where the physical conditions are encountered, including adequate room for structurally sound transition. A deviation shall not be constructed without the prior written approval of the Pipeline Coordinator and, if so approved, shall conform in all respects to the provisions of the approval.

1.7.4.5. If the Pipeline Coordinator requires Lessees to submit additional data on one or more occasions, the review period shall begin from the date of receipt by the Pipeline Coordinator of the last submittal.

1.8. Changes in Conditions

1.8.1. Unforeseen conditions arising during construction, operation, maintenance or Termination of the Pipeline may make it necessary to revise or amend these Stipulations to control or prevent damage to the environment or hazards to public health and safety. In that event, Lessees and the Pipeline Coordinator shall agree as to what revisions or amendments shall be made.

1.9. Antiquities and Historical Sites

1.9.1 Lessees shall engage an archeologist approved by the Pipeline Coordinator to provide surveillance and inspection of the Pipeline on State Land for archeological values.

1.9.2. If, in connection with any operation under this Lease, or any other Agreement issued in connection with the Pipeline, Lessees encounter known or previously unknown paleontological, archeological, or historical sites on State Land, Lessees shall immediately notify the Pipeline Coordinator and said archeologist. Lessees' archeologist shall investigate and provide an on-the-ground opinion regarding the protection measures to be undertaken by Lessees. The Pipeline Coordinator may suspend that portion of Lessees' operations necessary to preserve evidence pending investigation of the site.

1.9.3. Six copies of all survey and excavation reports shall be filed with the Pipeline Coordinator.

1.10. Completion of Use

1.10.1 Upon completion of the use of all, or a

very substantial part, of the Right-of-Way or other portion of the Pipeline on State Land, Lessees shall promptly remove all improvements and equipment, except as otherwise approved in writing by the Pipeline Coordinator and shall restore the land to a condition that is approved by the Pipeline Coordinator or at the option of Lessees pay the cost of such removal and restoration. The satisfaction of Pipeline Coordinator shall be stated in writing. Where approved in writing by the Pipeline

Coordinator, buried pipe may be left in place, provided all Oil and residue are removed from the pipe and the ends are suitably capped.

1.10.2. All areas that do not constitute all, or a very substantial part of the Right-of-Way or other portion of the Pipeline, utilized pursuant to authorizations issued in connection with the Pipeline, shall be "put-to-bed" by Lessees upon completion of their use unless otherwise directed by the Pipeline Coordinator. "Put-to-bed" is used herein to mean that Access Roads, material sites and other areas shall be left in such stabilized condition that erosion will be minimized through the use of adequately designed and constructed waterbars, revegetation and chemical surface control; that culverts and bridges shall be removed by Lessees in a manner satisfactory to the Pipeline Coordinator, and that such roads, sites and areas shall be closed to use. Lessees' rehabilitation plans shall be approved in writing by the Pipeline Coordinator prior to termination of use of any such road, or any part thereof, in accordance with Stipulation 2.12.

1.11. Public Improvements

1.11.1. Lessees shall protect existing telephone, telegraph and transmission lines, roads, trails, fences, ditches and like improvements during construction, operation, maintenance and Termination of the Pipeline. Lessees shall not obstruct any road or trail with logs, slash, or debris. Damage caused by Lessees to public utilities and improvements shall be promptly repaired by Lessees to a condition which is satisfactory to the Pipeline Coordinator.

1.12. Regulation of Public Access

1.12.1. During construction or Termination activities, Lessees may regulate or prohibit public access to

or upon any Access Road on State Land being used for such activity. At all other times, Lessees shall permit free and unrestricted public access to and upon Access Roads, except that with the written consent of the Pipeline Coordinator, Lessees may regulate or prohibit public access and vehicular traffic on Access Roads as required to facilitate operations or to protect the public, wildlife and livestock from hazards associated with operation and maintenance of the Pipeline. Lessees shall provide appropriate warnings, flagmen, barricades, and other safety measures when Lessees are using Access Roads, or regulating or prohibiting public access to or upon Access Roads.

1.12.2. During construction of the Pipeline, Lessees shall provide alternative routes for existing roads and trails on State land as determined by the Pipeline Coordinator whether or not these roads or trails are recorded.

1.12.3. Lessees shall make provisions for suitable permanent crossings for the public where the Right-of-Way or Access Roads cross existing roads, foot-trails, x-winter trails, or other rights-of-way.

1.12.4. After completion of construction of the Pipeline, and with the concurrence of Lessees, the Pipeline Coordinator may designate areas of the Right-of-Way to which the public shall have free and unrestricted access.

1.13. Electronically Operated Devices

1.13.1. Lessee shall screen, filter, or otherwise suppress any electronically operated devices that are installed as part of the Pipeline which are capable of producing electromagnetic interference radiations so that such devices will not adversely affect the functioning of existing communications systems or navigational aids. In the event that structures such as towers or buildings are to be erected as a part of the Pipeline, their positioning shall be such that they will not obstruct radiation patterns of line-of-sight communications systems, navigational aids, or similar systems.

1.14. Camping, Hunting, Fishing and Trapping

1.14.1. Lessees shall post the Right-of-Way against camping, hunting, fishing, trapping and shooting within the Right-of-Way. Lessees shall prohibit their

employees, agents, contractors, subcontractors, and their employees, from engaging in such activities.

1.14.2. Lessees shall inform their employees, agents, contractors, subcontractors, and their employees, of applicable laws and regulations relating to hunting, fishing, and trapping.

1.15. Small Craft Passage

1.15.1. The creation of any permanent obstruction to the passage of small craft in streams is prohibited.

1.16. Protection of Survey Monuments

1.16.1. Lessees shall mark and protect all geodetic survey monuments encountered on State Land during the construction, operation, maintenance and Termination of the Pipeline. These monuments are not to be disturbed; however, if such a disturbance occurs, the Pipeline Coordinator shall be immediately notified thereof in writing.

1.16.2. If any land survey monuments, corners, or accessories (excluding geodetic survey monuments) on State Land are destroyed, obliterated or damaged, Lessees shall employ a qualified land surveyor to reestablish or restore them in accordance with the "Manual of Instruction for the Survey of Public Lands" and shall record such survey in the appropriate records. Additional requirements for the protection of monuments, corners, and bearing trees may be prescribed by the Pipeline Coordinator.

1.17. Fire Prevention and Suppression

1.17.1. Lessees shall promptly notify the Pipeline Coordinator of fires on State Land and take all measures necessary or appropriate for the prevention and suppression thereof. Lessees shall comply with the instructions and directions of the Pipeline Coordinator concerning the use, prevention and suppression of fires. Use of open fires in connection with construction of the Pipeline is prohibited unless authorized in writing by the Pipeline Coordinator.

1.18. Surveillance and Maintenance

1.18.1 During the construction, operation, maintenance and Termination of the Pipeline, Lessees shall

conduct a surveillance and maintenance program applicable to the subarctic and arctic environment. This program shall be designed to: (1) provide for public health and safety; (2) prevent damage to natural resources; (3) prevent erosion; and (4) maintain Pipeline integrity.

1.18.2. Lessees shall have a communication system that ensures the transmission of information required for the safe operation of the Pipeline.

1.18.3. Lessees shall maintain complete and up-to-date records on construction, operation, maintenance and termination activities performed in connection with the Pipeline. Such records shall include surveillance data, leak and break records, necessary operational data, modification records and such other data as the Pipeline Coordinator may require.

1.18.4. Lessees shall provide and maintain Access Roads and airstrips, the number and location of which shall be approved by the Pipeline Coordinator, to ensure that Lessees' maintenance crews and Federal and State representatives shall have continuing access to the Pipeline.

1.19. Housing and Quarters

1.19.1. Lessees shall furnish such representatives of the State as may be designated by the Pipeline Coordinator with adequate meals, living quarters and office space, reasonable use of Lessees' communications systems, and reasonable surface and air transportation during the construction, operation, maintenance and Termination of the Pipeline. Whenever possible, Lessees shall be notified in writing by the Pipeline Coordinator in advance regarding the number of Persons for whom such services and facilities will be required.

1.20. Health and Safety

1.20.1. Lessees shall take all measures necessary to protect the health and safety of all Persons affected by their activities performed in connection with the construction, operation, maintenance or Termination of the Pipeline, and shall immediately abate any health or safety hazards. Lessees shall immediately notify the Pipeline Coordinator of all serious accidents which occur in connection with such activities.

1.21. Conduct of Operations

1.21.1. Lessees shall perform all Pipeline operations in a safe and workmanlike manner so as to ensure the safety and integrity of the Pipeline, and shall at all times employ and maintain personnel and equipment sufficient for that purpose. Lessees shall immediately notify the Pipeline Coordinator of any condition, problem, malfunction, or other occurrence which in any way threatens the integrity of the Pipeline.

1.22. Applicability of Stipulations

1.22.1. Nothing in these Stipulations shall be construed as applying to activities of Lessees that have no relation to the Pipeline.

1.22.2. Nothing in these Stipulations shall be construed to affect any right or cause of action that otherwise would be available to Lessees against any person other than the State.

2. ENVIRONMENTAL

2.1. Environmental Briefing

2.1.1. Prior to, and during, construction of the Pipeline, Lessees shall provide for environmental and other pertinent briefings for construction and other personnel by such State employees as may be designated by the Pipeline Coordinator. Lessees shall arrange the time, place and attendance for such briefings upon request by the Pipeline Coordinator.

2.2. Pollution Control

2.2.1. General

2.2.1.1. Lessees shall conduct all activities associated with the Pipeline in a manner that will avoid or minimize degradation of air, land and water quality. In the construction, operation, maintenance and Termination of the Pipeline, Lessees shall perform their activities in accordance with applicable air and water quality standards, Related Facility siting standards, and related plans of implementation.

2.2.2. Water and Land Pollution

2.2.2.1. Lessees shall comply with applicable "Water Quality Standards" of the State of Alaska as approved by the Environmental Protection Agency.

2.2.2.2. Mobile ground equipment shall not be operated in or on lakes, streams or rivers on State Land unless such operation is approved in writing by the Pipeline Coordinator.

2.2.3. Thermal Pollution

2.2.3.1. Lessees shall comply with the standards set for thermal pollution in the State of Alaska "Water Quality Standards," as approved by the Environmental Protection Agency.

2.2.4. Air Pollution and Ice Fog

2.2.4.1 Lessees shall utilize and operate all facilities and devices used in connection with the Pipeline so as to avoid or minimize air pollution and ice fog. Facilities and devices which cannot be prevented from producing ice fog shall be located so as not to interfere with airfields, communities or roads.

2.2.4.2. Emissions from equipment, installations and burning materials shall meet applicable State air quality standards.

2.2.5. Pesticides, Herbicides and other Chemicals

2.2.5.1. Lessees shall use only non-persistent and immobile types of pesticides, herbicides and other chemicals. Each chemical to be used and its application constraint shall be approved in writing by the Pipeline Coordinator prior to use.

2.2.6. Sanitation and Waste Disposal

2.2.6.1. "Waste" means all discarded matter, including but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

2.2.6.2. All waste generated in construction,

operation, maintenance and Termination of the Pipeline shall be removed or otherwise disposed of in a manner acceptable to the Pipeline Coordinator. All applicable standards and guidelines of the Alaska State Department of Environmental Conservation, and other State agencies shall be adhered to by Lessees. All incinerators shall meet the requirements of applicable State laws and regulations and shall be used with maximum precautions to prevent forest and tundra fires. After incineration, material not consumed in the incinerator shall be disposed of in a manner approved in writing by the Pipeline Coordinator. Portable or permanent waste disposal systems to be used shall be approved in writing by the Pipeline Coordinator.

2.3. Buffer Strips

2.3.1. Public Interest Areas

2.3.1.1. No construction activity in connection with the Pipeline shall be conducted within one-half ($\frac{1}{2}$) mile of any officially designated State or municipal park, wildlife refuge, research natural area, recreation area, or recreation site unless such activity is approved in writing by the Pipeline Coordinator.

2.3.2. Vegetative Screen

2.3.2.1. Lessees shall not cut or remove any vegetative cover within a minimum five hundred (500) foot strip between State highways and material sites unless such cutting or removal is approved in writing by the Pipeline Coordinator.

2.3.2.2. Where the Right-of-Way crosses State highways, a screen of vegetation native to the specific setting shall be established over disturbed areas unless otherwise approved in writing by the Pipeline Coordinator.

2.3.3. Streams

2.3.3.1. The Pipeline shall be located so as to provide three hundred (300) foot minimum buffer strips of undisturbed land along streams on State Land unless otherwise approved in writing by the Pipeline Coordinator.

2.4. Erosion Control

2.4.1. General

2.4.1.1. Lessees shall perform all Pipeline construction, operation, maintenance and Termination activities on State Land so as to avoid or minimize disturbance to vegetation.

2.4.1.2. The design of the Pipeline shall provide for the construction of control facilities that will avoid or minimize erosion.

2.4.1.3. The erosion control facilities shall be constructed to avoid induced and accelerated erosion and to lessen the possibility of forming new drainage channels resulting from Pipeline activities. The facilities shall be designed and operations conducted in such a way as to avoid or minimize disturbance to the thermal regime.

2.4.2. Stabilization

2.4.2.1. Surface materials taken from disturbed areas shall be stockpiled and utilized during restoration unless otherwise approved in writing by the Pipeline Coordinator. Stabilization practices, as determined by the needs for specific sites, shall include but shall not be limited to seeding, planting, mulching, and the placement of mat binders, soil binders, rock or gravel blankets or structures.

2.4.2.2. All disturbed areas on State Land shall be left in a stabilized condition satisfactory to the Pipeline Coordinator. Such satisfaction shall be stated in writing by the Pipeline Coordinator.

2.4.3. Crossing of Streams, Rivers or Flood Plains

2.4.3.1. Lessees shall prevent or minimize erosion at stream and river crossings and those parts of the Pipeline within flood plains as defined in Stipulation 3.6.

2.4.3.2. Temporary access over stream banks shall be made through use of fill ramps rather than by cutting through stream banks, unless otherwise approved in writing by the Pipeline Coordinator. Lessees shall remove such ramps upon termination of seasonal or final use. Ramp materials shall be disposed of in a manner approved in writing by the Pipeline Coordinator.

2.4.4. Seeding and Planting

2.4.4.1. Seeding and planting of disturbed areas on State Land shall be conducted as soon as practicable and, if necessary, shall be repeated until vegetation is successful, unless otherwise approved in writing by the Pipeline Coordinator. All other restoration shall be completed as soon as possible.

2.4.5. Excavated Material

2.4.5.1. Excavated material in excess of that required to backfill around any structure, including the pipe, shall be disposed of in a manner approved in writing by the Pipeline Coordinator.

2.5. Fish and Wildlife Protection

2.5.1. Passage of Fish

2.5.1.1. Lessees shall provide for uninterrupted movement and safe passage of fish. Any artificial structure or any stream channel change that would cause a blockage to fish shall be provided with a fish passage structure or facility that meets all Federal and State requirements. The proposed design shall be submitted to the Pipeline Coordinator in accordance with Stipulation 1.7.

2.5.1.2. Pump intakes shall be screened to prevent harm to fish.

2.5.1.3. Abandoned water diversion structures shall be plugged and stabilized to prevent trapping or stranding of fish.

2.5.1.4. If material sites are approved adjacent to or in certain lakes, rivers, or streams, the Pipeline Coordinator may require Lessees to construct levees, beams or other suitable means to protect fish and fish passage and to prevent siltation of streams or lakes.

2.5.2. Fish Spawning Beds and Fish Rearing Areas

2.5.2.1. "Fish Spawning Beds" and "Fish Rearing Areas" respectively mean the areas where anadromous and resident fish deposit their eggs and areas required for

maintenance and growth of juvenile fish.

2.5.2.2. Lessees shall avoid channel changes in Fish Spawning Beds and Fish Rearing Areas designated by the Pipeline Coordinator; however, where channel changes can not be avoided in such beds or areas, new channels shall be constructed according to written standards supplied by the Pipeline Coordinator.

2.5.2.3. Fish Spawning Beds and Fish Rearing Areas shall be protected from sediment where soil material is expected to be suspended in water as a result of construction activities. Settling basins shall be constructed to intercept silt before it reaches streams or lakes.

2.5.2.4. Lessees shall comply with any special requirements made by the Pipeline Coordinator for a stream system in order to protect Fish Spawning Beds and Fish Rearing Areas. Lessees shall repair all damage to Fish Spawning Beds and Fish Rearing Areas caused by construction, operation, maintenance or Termination of the Pipeline.

2.5.3. Zones of Restricted Activities

2.5.3.1. Lessees' activities in connection with the Pipeline in key fish and wildlife areas on State Land may be restricted by the Pipeline Coordinator during periods of fish and wildlife breeding, nesting, spawning, lambing or calving activity and during major migrations of fish and wildlife. The Pipeline Coordinator shall give Lessees written notice of such restrictive action. From time to time, the Pipeline Coordinator shall furnish Lessees a list of areas where such actions may be required, together with anticipated dates of restriction.

2.5.4. Big Game Movements

2.5.4.1. Lessees shall construct and maintain the Pipeline, both buried and above ground sections, so as to assure free passage and movement of big game animals.

2.6. Materials Sites

2.6.1. Purchase of Materials

2.6.1.1. If Lessees require materials from State Land, Lessees shall make application to purchase such

materials in accordance with appropriate State laws and regulations. No materials may be removed from State Land by Lessees without the written approval of the Pipeline Coordinator.

2.6.1.2. Insofar as possible, use of existing materials sites will be authorized in preference to new sites.

2.6.1.3. Gravel and other construction materials shall not be taken from stream beds, river beds, lake shores or outlets of lakes, unless the taking is approved in writing by the Pipeline Coordinator.

2.6.2. Layout of Materials Sites

2.6.2.1. Materials site boundaries shall be shaped in such a manner as to blend with surrounding natural land patterns. Regardless of the layout of materials sites, primary emphasis shall be placed on prevention of soil erosion and damage to vegetation.

2.7. Clearing

2.7.1. Boundaries

2.7.1.1. Lessees shall identify approved clearing boundaries on State Land on the ground for each Construction Segment prior to beginning clearing operations. All timber and other vegetative material outside clearing boundaries and all blazed, painted or posted trees which are on or mark clearing boundaries are reserved from cutting and removal with the exception of danger trees or snags designated as such by the Pipeline Coordinator.

2.7.2. Timber

2.7.2.1. Prior to initiating clearing operations on State Land, Lessees shall notify the Pipeline Coordinator of the amount of merchantable timber, if any, which will be cut, removed or destroyed in the construction and maintenance of the Pipeline, and shall pay the State in advance of such construction or maintenance activity, such sum of money as the Commissioner determines to be the full stumpage value of the timber to be cut, removed or destroyed.

2.7.2.2. All trees, snags, and other woody material cut in connection with clearing operations shall be cut so

that the resulting stumps shall not be higher than six (6) inches measured from the ground on the uphill side.

2.7.2.3. All trees, snags, and other woody material cut in connection with clearing operations shall be felled into the area within the clearing boundaries and away from water courses.

2.7.2.4. Hand clearing shall be used in areas on State Land where the Pipeline Coordinator determines that use of heavy equipment would be detrimental to existing conditions.

2.7.2.5. All debris resulting from clearing operations and construction that may block stream flow, delay fish passage, contribute to flood damage, or result in stream bed scour or erosion shall be removed.

2.7.2.6. Logs shall not be skidded or yarded across any water course without the written approval of the Pipeline Coordinator.

2.7.2.7. No log landing shall be located within three hundred (300) feet of any water course on State Land except with the written approval of the Pipeline Coordinator.

2.7.2.8. All slash shall be disposed of in construction pads or Access Roads on State Land unless otherwise directed in writing by the Pipeline Coordinator.

2.8. Disturbance of Natural Water

2.8.1. All activities of Lessees in connection with the Pipeline that may create new lakes, drain existing lakes, significantly divert natural drainage, permanently alter stream hydraulics, or disturb significant areas of stream beds on State Land are prohibited unless such activities along with necessary mitigation measures are approved in writing by the Pipeline Coordinator.

2.9. Off Right-of-Way Traffic

2.9.1. Lessees shall not operate mobile ground equipment off the designated construction zone in the Right-of-Way, Access Roads, State highways, or authorized areas, unless approved in writing by the Pipeline Coordinator or when

necessary to prevent harm to any person.

2.10. Aesthetics

2.10.1. Lessees shall consider aesthetic values in planning, construction and operation of the Pipeline. Where the Right-of-Way crosses a State highway in forested terrain, the straight length of the Pipeline Right-of-Way visible from the highway shall not exceed six hundred (600) feet in length, unless otherwise approved in writing by the Pipeline Coordinator. The Pipeline Coordinator may impose such other requirements as he deems necessary to protect aesthetic values.

2.11. Use of Explosives

2.11.1. Lessees shall submit a plan for use of explosives on State Land, including but not limited to blasting techniques, to the Pipeline Coordinator in accordance with Stipulation 1.7.

2.11.2. No blasting shall be done under water or within one quarter (1/4) mile of streams or lakes without a permit from the Alaska Department of Fish and Game, when such a permit is required by State law or regulation.

2.12. Restoration

2.12.1. Areas on State Land disturbed by Lessees shall be restored by Lessees to the satisfaction of the Pipeline Coordinator as stated in writing.

2.12.2. All cut and fill slopes on State Land shall be left in a stable condition.

2.12.3. Materials from Access Roads, haul ramps, beams, dikes, and other earthen structures on State Land shall be disposed of as directed in writing by the Pipeline Coordinator.

2.12.4. Vegetation, overburden and other materials removed during cleaning operations shall be disposed of by Lessees in a manner approved in writing by the Pipeline Coordinator.

2.12.5. Upon completion of restoration on State Land, Lessees shall immediately remove all equipment and

supplies from the site.

2.13. Reporting of Oil Discharges or Other Pollution

2.13.1. A discharge of Oil or other pollutant by Lessees in violation of applicable laws of the State of Alaska and regulations issued thereunder, is prohibited. Lessees shall give immediate notice of any such discharge to: (1) the Pipeline Coordinator; and (2) such other State officials as are required by law to be given such notice.

2.13.2. Lessees shall give immediate notice of any spill or leakage of Oil or other pollutant from the Pipeline, the Valdez terminal facility, or any storage or refueling facility or equipment to: (1) the Pipeline Coordinator; and (2) such State and Federal officials as are required by law to be given such notice. Any oral notice shall be confirmed in writing as soon as possible.

2.14. Contingency Plans

2.14.1. It is the policy of the Department of Natural Resources that there should be no discharge of Oil or other pollutant into or upon lands or waters of the State. Lessees must therefore recognize their prime responsibility for the protection of the public and environment from the effects of spillage.

2.14.2. Lessees shall submit their contingency plans to the Pipeline Coordinator at least one hundred eighty (180) days prior to scheduled start-up. The plans shall conform to this Stipulation and shall: (1) include provisions for Oil Spill Control¹; (2) specify that the action agencies responsible for contingency plans in Alaska shall be among the first to be notified in the event of any Pipeline failure resulting in an Oil spill; (3) provide for immediate corrective action including Oil Spill Control and restoration of the affected resource; (4) provide that the Pipeline Coordinator shall approve any materials or devices used for Oil Spill Control and shall approve any disposal sites or techniques selected to handle oily matter; and (5) include

¹ Oil Spill Control is defined as (1) detection of the spill, (2) location of the spill, (3) confinement of the spill, and (4) cleanup of the spill.

separate and specific techniques and schedules for cleanup of Oil spills on land, lakes, rivers and streams, sea, and estuaries.

2.14.3. Prior to Pipeline start-up, such plans shall be approved in writing by the Pipeline Coordinator, and Lessees shall demonstrate their capability and readiness to execute the plans. Lessees shall update as appropriate the plans and methods of implementation thereof, which shall be submitted annually to the Pipeline Coordinator for his written approval.

2.14.4. If during any phase of the construction, operation, maintenance or Termination of the Pipeline, any oil or other pollutant should be discharged from the Pipeline, the Valdez terminal facility, or any storage or refueling facility or equipment, the control and total removal, disposal and cleaning up of such Oil or other pollutant, wherever found, shall be the responsibility of Lessees, regardless of fault. Upon failure of Lessees to control, dispose of, or clean up such discharge, the Pipeline Coordinator may take measures as he deems necessary to control and clean up the discharge at the full expense of Lessees. Such action by the Pipeline Coordinator shall not relieve Lessees of any responsibility as provided herein.

3. TECHNICAL

3.1. General

3.1.1 The following standards shall be complied with in design, construction, Operation and Termination of the Pipeline.

3.2. Pipeline System Standards

3.2.1. General Standards

3.2.1.1. All design, material and construction, operation, maintenance and Termination practices employed in the Pipeline shall be in accordance with safe and proven engineering practice and shall meet or exceed the following standards:

(1) U.S.A. Standard Code for Pressure Piping, ANSI B 31.4, "Liquid Petroleum Transportation Piping System."

(2) Department of Transportation Regulations, 49 CFR, Part 195, "Transportation of Liquids by Pipeline."

(3) ASME Gas Piping Standard Committee, 15 Dec. 1970: "Guide for Gas Transmission and Distribution Piping System."

(4) Department of Transportation Regulations, 49 CFR, Part 192, "Transportation of Natural and Other Gas by Pipelines; Minimum Federal Safety Standards."

(5) API Std 1104, "Welded Pipelines and Related Facilities", 11th edition.

(6) API Std 620, "Low Pressure Storage Tanks".

(7) API Std 650, "Welded Steel Tanks for Oil Storage".

3.2.1.2. Requirements in addition to those set forth in the above minimum standards may be imposed by the Commissioner as necessary to reflect the impact of subarctic and arctic environments. If any standard contains a provision which is inconsistent with a provision in another standard, the more stringent shall apply.

3.2.2. Special Standards

3.2.2.1. The design shall also provide for remotely controlled shutoff valves at each pump station; remotely controlled mainline block valves (intended to control spills); and additional valves located with the best judgment regarding wildlife habitat, fish habitat, and potentially hazardous areas.

3.2.2.2. All practicable means shall be utilized to minimize injury to the ground organic layer.

3.2.2.3. Radiographic inspection of all main line girth welds and pressure testing of the Pipeline, or other inspection techniques approved by the Pipeline Coordinator, shall be conducted by Lessees prior to placing the system in operation.

3.2.2.4. Lessees shall provide for continuous inspection of Pipeline construction to ensure compliance with the approved design specifications and these Stipulations.

3.2.2.5. Welder qualification tests shall be by

destructive means, except that operators of automatic welding equipment for girth welding of tank seams shall be tested by radiography in accordance with ASME Boiler and Pressure Vessel Code, Section 9, Subsection Q-21 (b).

3.2.2.6. Lightning protection shall conform to the requirements of ANSI C5.1 - 1969, "Lightning Protection Code - 1968."

3.2.3. Standards for Access Roads

3.2.3.1. Design, materials and construction practices employed for Access Roads shall be in accordance with safe and proven engineering practice and in accordance with principles of construction for secondary roads for the subarctic and arctic environments.

3.2.3.2. Lessees shall submit a layout of each proposed Access Road on State Land for approval by the Pipeline Coordinator in accordance with Stipulation 1.7.

3.2.3.3. Access Roads shall be constructed to widths suitable for safe operation of equipment at the travel speeds proposed by Lessees.

3.2.3.4. The maximum allowable grade shall be 12 percent unless otherwise approved in writing by the Pipeline Coordinator.

3.3. Construction Mode Requirements

3.3.1. The selection of the Construction Mode (elevated or buried) on State Land shall be governed by the following criteria: (1) There shall be an unobstructed air space of at least two feet between the pipe and ground surface; or (2) there shall be no greater heat transfer from the pipe to the ground than results from the use of an unobstructed air space of at least two (2) feet between the pipe and ground surface; or (3) below the level of the pipe materials may be present but it must be shown that they will remain stable under all credible conditions; or (4) results of a detailed field exploration program and analysis indicate that pipe rupture and major terrain disruption will not occur at any place from soil instability. Effects and their interaction, which are to be analyzed on a mile by mile basis to justify the proposed Construction Mode, shall include but not be limited to, thaw plug stability, differential axis the

ground shall consist of competent bedrock, soil naturally devoid of permafrost, or if frozen, of Thaw-Stable Sand and Gravel;² above the level of the pipe axis other settlement, seismic loading and weakening, and possible movement resulting from slope instability.³

As a prerequisite for the use of this criterion, an acceptable comprehensive monitoring system of the Pipeline shall be developed which will include but not be limited to making deformation measurements sufficiently sensitive and prompt to detect the approach to operational tolerance limits (which shall be clearly specified) of the Pipeline; design specifications, operational requirements, and feasibility analysis of such monitoring system shall be submitted in accordance with Stipulation 1.7. Such system shall be operational prior to transmission of Oil through the Pipeline.³

3.3.1.1.1. Earthquakes and Fault Displacements

3.4.1. Earthquakes

3.4.1.1. The Pipeline shall be seismically designed, where technically feasible, by appropriate application of the best practicable technology available, to prevent any Oil leakage from the effects (including seismic shaking, ground deformation and earthquake-induced mass movements) of earthquakes distributed along the route, as

² Thaw-Stable Sand and Gravel is defined as material meeting the following requirements: (a) Material lies within the classes GW. GP. SW. and SP. (Unified Soil Classification) but with up to 6% by weight passing the #200 U.S. standard sieve; if an inorganic granular soil contains more than 6% fines than the #200 sieve, its thaw-stability must be justified. (b) There is no excess (segregated or massive) ice. (c) Thawing of the material in situ will not result in excess pore-pressure.

³ Because of soil variability and/or, unique hydrologic conditions in active flood plains, some of the requirements of Stipulation 3.3.1. may not be met in those locations. In such cases proposed designs including special design and/or construction procedures where required by these conditions must be submitted with justification to the Pipeline Coordinator for approval in accordance with Stipulation 1.7.

follows:

Zone:	Richter Magnitude
Valdez to Willow Lake	8.5
Willow Lake to Paxton	7.0
Paxton to Donnelly Dome	8.0
Donnelly Dome to 67 deg. N.	7.5
67 deg N Prudhoe Bay	5.5

3.4.1.2 Where such design is not technically feasible, the potential damage from an Oil spill shall be minimized by special design provisions that shall include, but shall not be limited to: (1) a network of ground motion detectors that continuously monitor, record and instantaneously signal the occurrence of ground motion in the vicinity of the Pipeline reaching the Operational Design Level ⁴(the critical levels of ground motions shall be approved in writing by the Pipeline Coordinator); (2) rapid programmed shutdown and prompt close inspection of system integrity in the event of ground motion reaching the operational design level; and (3) a special contingency plan for Oil Spill Control for each such seismically hazardous area which shall be filed in accordance with Stipulation 2.14. This plan shall specifically consider expected field conditions in the particular area in the aftermath of a destructive earthquake.

3.4.2. Fault Displacements

3.4.2.1. Prior to applying for a Notice to Proceed for any Construction Segment on State Land, Lessees shall satisfy the Pipeline Coordinator that all recognizable or reasonably inferred faults or fault zones along the alignment

⁴ Operational Design Level is highest level that would not produce general pipe deformation sufficient to limit operations of the Pipeline. Such monitoring shall include annual geodetic observation of permanent reference marks established on stable ground. The reference marks shall be positions so as to form closed figures and to provide for detection of relative horizontal and vertical displacements as small as 0.10 ft. across principal individual faults within the fault zone and to provide for monitoring of crustal strain with an absolute error of two parts per million within the fault zone. Further, where annual slip on a fault exceeds 0.10 ft. for two successive years, Lessees shall install recording or telemetering slip-meters. Data obtained from the monitoring shall be provided to the Pipeline Coordinator at specified regular intervals throughout the operational life of the Pipeline. The data shall be used by Lessees to aid initiation of corrective measures to protect the Pipeline from failure caused by tectonic deformation that would result in leakage.

within that Construction Segment have been identified and delineated, and that the risk of Oil leakage resulting from fault movement and ground deformation has been adequately assessed and provided for in the design of the Pipeline for that Segment. Evaluation of the risk shall be based on geologic, geomorphic, geodetic, seismic, and other appropriate scientific evidence of past or present fault behavior and shall be compatible with the design earthquakes tabulated above and with observed relationships between earthquake magnitude and extent and amount of deformation and fault slip within the fault zone.

3.4.2.2. Minimum design criteria for a segment of the Pipeline traversing a fault zone that is reasonably interpreted as active, shall be: (1) that the Pipeline resist failure resulting in leakage from two feet of horizontal and/or vertical displacement in the foundation material anywhere within the fault zone; and (2) that no storage tank or pump station be located within the fault zone on State Land. The Pipeline design must take into account possible seismic disturbance at known earthquake areas. Appropriate margins of safety against the adverse effects of a seismic disturbance are required. The manner of pipe installation across the fault zone, location of valves on each side of the fault and monitoring system must be included in the design.

3.4.2.3. Where the Pipeline crosses a fault or lies within a fault zone on State Land that is reasonably interpreted as active, Lessees shall monitor crustal deformation in the vicinity

3.5. Slope Stability

3.5.1. Areas subject to mudflows, landslides, avalanches, rock falls and other types of mass soil movements shall be avoided where practicable in locating the Pipeline on State Land. Where such avoidance is not practicable, the Pipeline design, based upon detailed field investigations and analysis, shall provide measures to prevent the occurrence of, or protect the Pipeline against, the effects of such mass movements.

3.6. Stream and Flood Plain Crossings and Erosion

3.6.1. General

3.6.1.1. For each region through which the Pipeline passes, the Pipeline shall be designed to withstand or accommodate the effects (including runoff, stream and flood plain erosion, meander cutoffs, lateral migration, ice-jams, and icings) of those meteorologic, hydrologic (including surface and subsurface) and hydraulic conditions considered reasonably possible for the region. The following standards shall apply to such Pipeline design:

3.6.1.1.1. For stream crossings and portions of the Pipeline within the flood plain:

3.6.1.1.1.1. The Pipeline shall cross streams underground unless a different means of crossing is approved in writing by the Pipeline Coordinator.

3.6.1.1.1.2. The design flood shall be based on the concept of the "Standard Project Flood" as defined in Corps of Engineers Bulletin 52-8, Part 1.

3.6.1.1.1.3. The depth of channel scour shall be established by appropriate field investigations and theoretical calculations using those combinations of water velocity and depth that yield the maximum value. At the point of maximum scour, the cover over the pipe shall be at least twenty (20) percent of the computed scour, but not less than four (4) feet unless a cover of lesser depth is approved in writing by the Pipeline Coordinator.

3.6.1.1.1.4. For overhead crossings comparable analysis shall be made to ensure that support structures are adequately protected from the effects of scour, channel migration, undercutting, ice forces and degradation of permafrost.

3.6.1.1.1.5. In flood plains, appropriate construction procedures shall be used wherever there is potential channelization along the pipe.

3.6.1.1.1.6. The pipe trench excavation shall stop an adequate distance from the water crossing to leave a protective plug (unexcavated material) at each bank. These plugs shall be left in place until the stream bed excavation is complete and the pipe laying operation is begun. The plugs shall not be completely removed until absolutely necessary.

The trench shall be backfilled with stable material as soon as the pipe is laid.

3.6.1.2. Culverts and Bridges

3.6.1.2.1. Culverts and bridges necessary for maintenance of the Pipeline shall be designed to accommodate a fifty (50)-year flood in accordance with criteria established by the American Association of State Highway Officials and the Federal Highway Administration and endorsed by the State of Alaska Department of Highways.

3.6.2. Erosion

3.6.2.1. Where necessary because of outfall erosion, stilling basins shall be constructed at the outflow end of culverts. To prevent erosion the pool sides shall be stabilized by appropriate methods; e.g., by the use of riprap.

3.6.2.2. Slopes of cuts through stream banks shall be designed and constructed to minimize erosion and prevent slides.

3.6.2.3. Erosion control procedures shall accommodate and be based on the runoff produced by the maximum rainfall rate and snow melt rate combination reasonably characteristic of the region. The procedures shall also accommodate effects that result from thawing produced by flowing or ponded water on permafrost terrain.

3.7. Sea Waves

3.7.7. Oil transfer facilities at the Valdez Terminal shall be protected by cut-off devices designed and located to prevent major Oil leakage from breaking of pipes by destructive sea waves comparable to those generated in Port Valdez by the March 27, 1964 earthquake. Design for such protection features shall be submitted in accordance with Stipulation 1.7.

3.8. Glacier Surges

3.8.1. Surveillance systems sufficient to give adequate warning of impending surges on any glacier that could damage the Pipeline shall be instituted prior to transmission of Oil through the pipe. Procedures for initiation and operation of such surveillance systems and protective procedures in the

event of such surges shall be submitted in accordance with Stipulation 1.7.

3.9. Construction and operation

3.9.1. All construction, operation, maintenance, and Termination activities in connection with the Pipeline shall be conducted so as to avoid or minimize thermal or other environmental changes and to provide maximum protection to fish and wildlife and their habitat, and people. All working platforms, pads, fills and other surface modifications shall be planned and executed in such a way that any resulting degradation of permafrost will not jeopardize the Pipeline foundations.

3.9.2. Acceptable plans, procedures and quality controls that ensure compliance with Stipulation 3.9.1. shall be submitted in accordance with Stipulation 1.7.

3.10. Pipeline Corrosion

3.10.1. Lessees shall provide detailed plans for corrosion resistant design and methods for early detection of corrosion. These shall include: (1) pipe material and welding techniques to be used and information on their particular suitability for the environment involved; (2) details on the external pipe protection to be provided (coating, wrapping, etc.), including information on variation of the coating process to cope with variations in environmental factors along the Pipeline route; (3) plans for cathodic protection including details of impressed ground sources and controls to ensure continuous maintenance of adequate protection over the entire surface of the pipe; (4) details of plans for monitoring cathodic protection current including spacing of current monitors; (5) provision for periodic intensive surveys of trouble spots, regular preventive maintenance surveys and special provisions for abnormal potential patterns resulting from the crossing of the Pipeline by other pipelines or cables; and (6) information on precautions to be taken to prevent internal corrosion of the Pipeline. Lessees shall also provide for periodic internal pitting surveys by electro-magnetic or other means.

3.11. Containment of Oil Spills

3.11.1. Lessees shall provide Oil spill containment dikes or other structures around storage tanks at pump stations and

at the Valdez Terminal. The volume of the containment structures shall be at least: (1) one hundred ten (110) percent of the total storage volume of the storage tanks in the relevant area, plus (2) a volume sufficient for maximum trapped precipitation and runoff which might be impounded at the time of the spill. Such structures shall be constructed to withstand failure from earthquakes in accordance with Stipulation 3.4 and shall be impervious so as to provide seepage-free storage until disposal of their contents can be effected safely without contamination of the surrounding area.

3.11.2. Lessees shall provide containment dikes or other structures to minimize effects of Oil spill at critical locations along the Pipeline in accordance with Stipulation 2.14.

4. State Authority

4.1. State Laws, Regulations, Permits and Authorizations

4.1.1. No requirement imposed by these Stipulations shall replace or lessen the applicability of any State law, regulation, permit, or authorization as that law, regulation, permit, or authorization applies or will apply to the construction, operation, maintenance, or Termination of the Pipeline.

EXHIBIT B

ALIGNMENT OF THE LOCATION OF THE PROPOSED
CENTER-LINE OF THE LINE OF PIPE AND THE
LOCATION OF RELATED FACILITIES

EXHIBIT "B"

ALIGNMENT OF THE PROPOSED CENTER-LINE OF THE PIPE AND THE
LOCATION OF RELATED FACILITIES

(1) Alignment of the proposed center-line of the line of pipe

The following application and alignment map filed with the State of Alaska, Department of Natural Resources, sets forth the alignment of the proposed center-line of the line of pipe:

(a) Application

Application for a Right-of-Way Lease for the Trans-Alaska Pipeline filed with the Commission of Natural Resources, State of Alaska, on March 7, 1974.

(b) Alignment Map

(i) Description of Alignment Map

Alyeska Pipeline Service Company Trans-Alaska Pipeline System Dwg. No. AL-00-G5. Sheets 1-138, inclusive (143 sheets in all, including 25A, 36A, 53A, 114A and 119A). Prudhoe Bay to Valdez 48" Oil Pipeline Alignment Map Scale: 1" = 1,000'.

(ii) Date of Survey

Engineer's statement attached to Sheet 1 indicates that survey was made commencing August 19, 1970 through February 16, 1973 (and continuing as minor realignments occur) and that such survey is accurately represented upon the aforesaid sheets of the map with certain exceptions that are noted on individual engineer's statements.

(iii) Date Alignment Map Filed

March 7, 1974.

(iv) Office Where Filed

Department of Natural Resources, Office of the Director of Lands, 323 E. 4th Avenue, Anchorage, Alaska 99501.

(2) Location of Related Facilities

The following drawings filed with the application for a right-of-way on March 7, 1974 identify the location of Related Facilities:

Identification of
Related Facility

Drawing, No.

(a) Fuel Transportation Facility	AL-15-G3 (Sheets 1-11)
" "	AL-15-G2 (Sheets 1,2 and 3 extracted from a 27 set drawing)

(b) Remote Control Block Valve

VS - 69	D-00-L1178
VS - 69A	D-00-L1179
VS - 73	D-00-L1180
VS - 78	D-00-L1181
VS - 80	D-00-L1182
VS - 88	D-00-L41
VS - 95	D-00-L1183
VS - 101	D-00-L29
VS - 102	D-00-L27
VS - 103	D-00-L25
VS - 104	D-00-L23
VS - 105	D-00-L1184
VS - 107	D-00-L1185
VS - 108	D-00-L1186
VS - 109	D-00-L21
VS- 119	D-00-L9
VS - 121	D-00-L1187
VS - 123	D-00-L7
VS - 124	D-00-L1188
VS - 125	D-00-L5

(c) Landing Sites at Check Valves

VS - 70	D-00-L1189
VS - 82	D-00-L1190

(d) Hydraulic Control Structures

C-00-L1106	C-00-L1106
C-00-L1107	C-00-L1107
C-00-L1108	C-00-L1108
C-00-L1109	C-00-L1109
C-00-L1110	C-00-L1110
C-00-L1111	C-00-L1111
C-00-L1112	C-00-L1112
C-00-L1113	C-00-L1113
C-00-L1114	C-00-L1114
C-00-L1115	C-00-L1115

<u>Identification of Related Facility</u>	<u>Draining No.</u>
C-00-L1116	C-00-L1116
C-00-L1051	C-00-L1051
C-00-L1052	C-00-L1052
C-00-L1053	C-00-L1053
C-00-L1054	C-00-L1054
C-00-L1055	C-00-L1055
C-00-L1056	C-00-L1056
C-00-L1057	C-00-L1057
C-00-L1058	C-00-L1058
C-00-L1059	C-00-L1059
C-00-L1060	C-00-L1060
C-00-L1061	C-00-L1061
C-00-L1062	C-00-L1062
C-00-L1063	C-00-L1063
C-00-L1064	C-00-L1664
C-00-L1065	C-00-L1065
C-00-L1066	C-00-L1066
C-00-L1067	C-00-L1067
C-00-L1068	C-00-L1068
C-00-L1069	C-00-L1069
C-00-L1070	C-00-L1070
C-00-L1071	C-00-L1071
C-00-L1072	C-00-L1072
C-00-L1073	C-00-L1073
C-00-L1074	C-00-L1074
C-00-L1075	C-00-L1075
C-00-L1076	C-00-L1076
C-00-L1077	C-00-L1077
C-00-L1078	C-00-L1078
C-00-L1079	C-00-L1079
C-00-L1080	C-00-L1080

C-00-L1081	C-00-L1081
C-00-L1082	C-00-L1082
C-00-L1083	C-00-L1083
C-00-L1084	C-00-L1084
C-00-L1085	C-00-L1085
C-00-L1086	C-00-L1086
C-00-L1087	C-00-L1087
C-00-L1088	C-00-L1088
C-00-L1089	C-00-L1089
C-00-L1090	C-00-L1090
C-00-L1091	C-00-L1091
C-00-L1092	C-00-L1092
C-00-L1093	C-00-L1093
C-00-L1094	C-00-L1094
C-00-L1095	C-00-L1095
C-00-L1096	C-00-L1096
C-00-L1097	C-00-L1097
C-00-L1098	C-00-L1098
C-00-L1099	C-00-L1099
C-00-L1100	C-00-L1100
C-00-L1101	C-00-L1101
C-00-L1102	C-00-L1102
C-00-L1103	C-00-L1103
C-00-L1104	C-00-L1104
C-00-L1105	C-00-L1105
C-00-L1041	C-00-L1041
C-00-L1042	C-00-L1042
C-00-L1043	C-00-L1043
C-00-L1044	C-00-L1044
C-00-L1045	C-00-L1045
C-00-L1046	C-00-L1046
C-00-L1047	C-00-L1047
C-00-L1048	C-00-L1048
C-00-L1049	C-00-L1049
C-00-L1050	C-00-L1050

EXHIBIT C

GENERAL ROUTE ON STATE LANDS OF TIITE
RIGHT-OF-WAY FOR THE LINE OF PIPE

EXHIBIT "C"

The general route of the Pipeline encompasses and includes the following lands:

UMIAT MERIDIAN

Township 11 North, Range 14 East
Sections: 32, 33

Township 10 North, Range 14 East
Sections: 4, 5, 7, 8,
17, 18, 19, 20, 29, 32

Township 9 North, Range 14 East
Sections: 5, 8, 17, 20, 21, 28, 33

Township 8 North, Range 14 East
Sections: 2, 3, 10, 15, 16, 21,
22, 28, 32, 33

Township 7 North, Range 14 East
Sections: 4, 5, 7, 8, 17, 18,
19, 30, 31

Township 7 North, Range 13 East
Section: 36

Township 6 North Range 13 East
Sections: 1, 12, 13, 14 24 25, 36

Township 6 North, Range 14 East
Sections: 6, 7, 19, 30, 31

Township 5 North, Range 13 East
Section: 1

Township 5 North, Range 14 East
Sections: 6, 7, 17, 18, 19,
20, 29, 32

Township 4 North, Range 14 East
Sections: 3, 4, 9, 10, 15, 16,
21, 22, 27, 28, 34

Township 3 North, Range 14 East
Sections: 3, 10, 11, 14, 15, 22,
23, 26, 35, 36

Township 2 North, Range 14 East
Sections: 1, 2, 12, 13, 24, 25

Township 2 North, Range 15 East
Sections: 18, 19, 30, 31

FAIRBANKS MERIDIAN

Township 11 North, Range 9 West
Section 22:
Livengood Road

Township 8 North, Range 5 West
Section 31:
Manley Hot Springs Road

Township 8 North, Range 6 West
Section 23:
Livengood Road

Township 3 North, Range 2 West
Sections: 3, 4, 10, 11, 13, 14, 24

Township 3 North, Range 1 West
Sections: 19, 29, 30, 32, 33

Township 2 North, Range 1 West
Sections: 3, 4, 10, 11, 14,
23, 24, 25, 36

Township 1 North, Range 1 West
Section 1: Lots 13 and 14;
Steese Highway and
Goldstream Highway in Section 1

Township 1 North, Range 1 East
Sections: 26, 35, 36;
Chena Hot Springs Road in Sections
22 and 27; Gilmore Trail in Section 9

Township 1 South, Range 1 East

Sections: 1

Township 1 South, Range 2 East

Section 7: Lots 3 and 4; Nordale Road

Sections: 16, 21, 22, 26, 27

Section 8: Nordale Road

Township 2 South, Range 3 East

Section 19: South $\frac{1}{2}$ Southeast $\frac{1}{4}$
Southeast $\frac{1}{4}$

Section 20: South $\frac{1}{2}$ Southwest $\frac{1}{4}$
Southwest $\frac{1}{4}$ Southeast $\frac{1}{4}$

Section 21: Southwest $\frac{1}{4}$

Section 28: North $\frac{1}{2}$ Northeast $\frac{1}{4}$

Section 26: West $\frac{1}{2}$

Section 27: East $\frac{1}{2}$

Section 35: All

Section 36: West $\frac{1}{2}$

Township 4 South, Range 4 East

Section 2: South $\frac{1}{2}$ Southwest $\frac{1}{4}$

Sections : 11,12,13,14, 24

Township 4 South Range 5 East

Sections :19 Except Lot 2 of U.S. Survey 4336)

30 (Except Lots 1&2 of U.S. Survey
4336 and Homestead Entry F-19307)

Sections: 29, 32, 33

Township 5 South, Range 5 East

Sections: 1, 2, 3, 4, 11, 12, 13

Township 5 South, Range 6 East

Sections: 15, 16, 17, 18, 21,
22, 23, 25, 26, 36

Township 5 South, Range 7 East

Sections: 31, 32

Township 6 South, Range 7 East

Sections: 3, 4, 5, 10, 11, 13,
14, 24

Township 6 South, Range 8 East
Sections: 19, 20, 28, 29, 30,
32, 33

Township 7 South, Range 8 East
Sections: 3, 4, 9, 10, and 15
(Except East 1/2 Southeast 1/4
Southeast 1/4 thereof)
Sections: 22, 23, 25, 26, 36

Township 7 South, Range 9 East
Section: 31

Township 8 South, Range 9 East
Sections: 5, 6, 8, 9, 15, 16, 22,
23, 25, 26, and 36
(Except West 1/2 Southeast 1/4 thereof)

Township 9 South, Range 10 East
Section 6: Northwest 1/4 Northeast 1/4;
South 1/2 Northeast 1/4
Lots 48, 49, 64, 65, 66, 76,
77, 80, 81; Southeast 1/4
(except fee land)
Section 16: East 1/2
Sections: 9, 15, 35
Section: 22 (Except South 1/2
Southwest 1/4 thereof)
Section 27: East 1/2 Southeast 1/4

Township 10 South, Range 10 East
Section 2: Northwest 1/4; Jack Warren Road
Section 11: South 1/2 Southeast 1/4; Jack Warren Road
Section 14: Northeast 1/4 Northeast 1/4
Section 13: West 1/2

Township 10 South, Range 10 East
Sections: 23, 24, 26

Township 13 South Range 10 East
Sections: 26, 29, 32

Township 14 South, Range 10 East
Sections: 5, 8, 17, 20, 29, 30, 31, 32

Township 15 South, Range 10 East
Sections: 6 and 7 (Except Trade &
Manufacturing Site F-959)
Sections: 18, 19, 29, 30, 31, 32

Township 16 South, Range 10 East
Sections: 5, 8, 29, 32
Section: 17; North 1/2 South 1/2
U.S. Survey 4386

Township 17 South, 10 East
Sections: 9, 10, 15
(Richardson Hiway)

Township 18 South, 10 East
Sections: 1, 12, 13, 24
(Richardson Hiway)

Township 19 South, Range 11 East
Section: 33

Township 20 South, Range 11 East
Sections: 3, 4, 10, 11, 12, 13, 14

Township 20 South, Range 12 East
Sections: 18, 19, 30, 31, 32

Township 21 South, Range 12 East
Sections: 5, 8, 17, 20, 29, 32, 33

Township 22 South, Range 12 East
Sections: 4, 9, 16, 20, 21, 28, 29, 32

COPPER RIVER MERIDIAN

Township 11 North, Range 1 West
U.S. Survey 4389

Township 10 North, Range 1 West
Section: 20
(Richardson Hiway)

Township 7 North, Range 2 West
Sections: 1, 12, 13, 24, 25, 36

Township 7 North, Range 1 West
Sections: 6, 7

Township 6 North, Range 2 West
Sections: 1, 12, 13, 24, 25, 36

Township 5 North, Range 2 West
Sections: 1, 12, 13, 24, 25
(Except Southwest 1/4
Southeast 1/4 thereof) and
Section: 36 (Except Northwest 1/4
Northeast 1/4 thereof)

Township 4 North, Range 2 West
Sections: 1, 12, 13, 24, 25

Township 4 North, Range 1 West
Sections: 18, 19, 30, 31

Township 3 North, Range 1 West
Sections: 6, 7, 17, 18, 19,
20, 28, 29, 33, 34

Township 2 North, Range 1 West
Sections: 2, 3, 10, 11, 12,
13, 24, 25, 36

Township 2 North, Range 1 East
Sections: 30, 31

Township 1 North, Range 1 East
Sections: 6, 7, 17, 20, 28, 29, 33
Section 8: Southwest 1/4

Township 4 South, Range 1 East
Section: 26 (Richardson Hiway)

Township 5 South, Range 2 East
Section 6: (Richardson Hiway)

Township 6 South, Range 1 West
Section: 25 (Richardson Hiway)

Township 7 South, Range 1 East
Sections: 17, 18 (Richardson Hiway)

Township 7 South, Range 1 West
Sections: 26, 27, 34
(Richardson Hiway)

Township 8 South, Range 2 West
Sections: 1, 2, 3, 4, 7, 8,
9, 10

Township 8 South, Range 3 West
Sections: 11, 12, 13, 14,
U.S. Survey 3577
Sections: 22, 23, 26, 27, 34

Township 9 South, Range 3 West
Sections: 3, 4, 5, 7, 8

Township 9 South, Range 4 West
Sections: 12, 13, 14, 23, 26,
27, 31, 32, 33, 34,
35

Township 9 South, Range 5 West
Sections: 19, 26, 27, 28, 29,
30, 34, 35, 36

Township 9 South Range 6 West
Sections. 14 (Except
U.S. Surveys
630, 632, 212, 213);
Sections: 15 (Except U.S. Survey
633); U.S. Survey
644
Sections: 16, 17, 20, 21, 22, 23,
24

**(Note: Pipeline also crosses
Section 18, but Section 18, is a
part of the Valdez Terminal Area.)**

together with such portions of the following Protracted
Sections of State Land (now or hereafter acquired)
comprising beds of the following identified streams
declared or claimed navigable by the State of Alaska:

STREAM/RIVER

DESCRIPTION

UMIAT MERIDIAN

Section(s)

Township

Range

Sagavanirktok	7, 8, 17 North	14 East
Sagavanirktok	12, 13, 24	7 North
Sagavanirktok	13, 24 6 North	13 East
Sagavanirktok	6, 7, 17, 18, 20	5 North
14 East		
Sagavanirktok	3, 4, 9, 10, 16, 15	4 North
14 East		
Sagavanirktok	1, 2, 12, 13	2 North
14 East		
Sagavanirktok	35	1 North
14 East		
Sagavanirktok	22	1 South
14 East		
Sagavanirktok	10, 11	1 South
14 East		
Sagavanirktok	4	3 South
14 East		
Sagavanirktok	16, 21	2 South
14 East		
Sagavanirktok	9, 16, 17, 20, 29	3 South
14 East		
Sagavanirktok	8	4 South
14 East		
Toolik	16	9 South
12 East		
Atigun	32	11 South
12 East		
Atigun	28	12 South
12 East		
Atigun	32, 33	12 South
12 East		
Atigun	6	13 South
12 East		
Atigun	32	13 South
12 East		
Atigun	32	14 South
12 East		
Atigun	5, 6	15 South
12 East		
Dietrich	25, 35, 36	
16 South 10 East		

FAIRBANKS MERIDIAN

Dietrich	25, 26	37 North
10 West		
Dietrich	35, 36	37 North

10 West		
Dietrich	3	36 North
10 West		
Dietrich	10, 15, 16, 21	
	38, 33	36 North
10 West		
Dietrich	4	35 North
10 West		
Dietrich	9, 16, 33	35 North
10 West		
Dietrich	4, 9, 10, 15, 22	
34 North 10 West		
Middle Fork Koyukuk	2	33 North
10 West		
Dietrich	35	33 North
10 West		
Middle Fork Koyukuk	9	32 North
10 West		
Middle Fork Koyukuk	20, 21, 29, 31, 32	
32 North 10 West		

<u>Range</u>	<u>Section(s)</u>	<u>Township</u>
Middle Fork Koyukuk	25, 26, 33, 34, 35	
31 North 11 West		
Hammond	32, 33	31 North
11 West		
Middle Fork Koyukuk	7	30 North
11 West		
Middle Fork Koyukuk	1, 11, 12, 14, 23 27 North	
13 West		
	6	27 North
	12 West	
	29, 30, 31	28 North
12 West		
	1, 11, 12, 13, 14 29 North	
12 West		
	23, 26, 35	29 North
12 West		
South Fork Koyukuk	1	25 North
13 West		
	6	25 North
12 West		

Jim	23, 26	24 North	14 West	
Kanutu	30		19 North	
14 West				
Yukon	7, 18		12 North	
10 West				
Hess	20		10 North	7
West				
Chatanika	29		3 North	1
West				
Chena	7		1 South	2
East				
Salcha	13		5 South	5
East				
Shaw Creek	36		7 South	8
East				
Tanana	5, 8		9 South	
10 East				
Jarvis Creek.	U.S.S. 2626		10 South	
10 East				
Delta	4, 9, 10, 14, 15, 23			17
South	10 East			
Delta	13, 24		18 South	
10 East				
Delta	24		18 South	
10 East				
Phelan Creek	25		18 South	
10 East				
Phelan Creek	19, 20		19 South	
11 East				
PhelanCreek	20, 29		19 South	
11 East				
McCallum	33		19 South	
11 East				
Phelan Creek	4		20 South	
11 East				
Gulkana	18		20 South	
12 East				

COPPER RIVER MERIDIAN

Gulkana		23		9
North	2 West			
Tazlina		6		3
North	1 West			
		31	4 North	1
West				
Yetna		28	3 North	1

West			
	Klutina	13	2
North	1 West		
	Tonsina	21	3
South	1 East		
	Little Tonsina	33	3
South	1 East		
	Little Tonsina	21	4
South	1 East		
	Little Tonsina	26	4
South	1 East		
	Little Tonsina	36	4
South	1 East		

	<u>Range</u>	<u>Section(s)</u>	<u>Township</u>	
	Tiekel	30	6 South	1
East	Tiekel	8	7 South	1
East	Tsina	34	7 South	1
West	Tsina	3	8 South	2
West	Tsina	7, 8	8 South	2
West	Lowe	12	9 South	4
West				

and together with such portions of any Protracted Sections of State Land (now or hereafter owned) that comprise beds of any streams now or hereafter declared or claimed navigable by the State of Alaska and which streams are not included in any of the preceding descriptions

EXHIBIT D

DESCRIPTION OF RIGHT-OF-WAY FOR RELATED FACILITIES

EXHIBIT "D"
RIGHT-OF-WAY FOR RELATED FACILITIES

(1) Right-of-Way for Fuel Transportation Facility

The Right-of-Way across lands which are owned, claimed, or hereafter acquired by the State granted for the fuel transportation facility which commences in protracted Section 5, Township 10 North, Range 14 East, Umat Meridian, and terminates in Sections 5 and 8, Township 12 South, Range 12 East, Umat Meridian, is 100 feet in width, 50 feet on either side of the centerline described in the drawings referenced below, filed with the application for a right-of-way submitted March 7, 1974.

Drawings Setting Forth the
Description of the Location
of the-Centerline for the
Right-of-Way for the Fuel
Transportation Facility

Drawing No. AL-15-G3 (Sheets 1-11)
Drawing No. AL-15-G2 (Sheets 1, 2 and 3
extracted from a
27 sheet drawing)

General Location of
Right-of-Way for Fuel
Transportation Facility

UMIAT MERIDIAN

Township 10 North, Range 14 East
Sections 5, 7, 8, 18, 19, 20, 29, 32

Township 9 North, Range 14 East
Sections 5, 8, 16, 17, 21, 23, 33

Township 8 North. Range 14 East
Sections 2, 3, 10, 15, 16,
21, 28, 32, 33

Township 7 North. Range 14 East
Sections 5, 7, 8, 18, 19, 30

Township 7 North, Range 13 East
Sections 25, 36

Township 6 North, Range 13 East

Sections 1, 12, 13, 24, 25, 36

Township 6 North, Range 14 East

Sections 30, 31

Township 5 North, Range 14 East

Sections 6, 7, 17, 18, 20, 29, 32

Township 4 North Range 14 East

Sections 4, 9, 16, 21, 28, 33

Township 3 North, Range 14 East

Sections 3, 4, 10, 14, 15, 23, 26, 35

Township 2 North, Range 14 East

Sections 1, 2, 12, 13, 24, 25, 36

Township 2 North, Range 15 East

Section 31

Township 1 North, Range 15 East

Sections 6, 7

Township 1 North, Range 14 East

Sections 12, 13, 24, 25, 26, 34, 35

Township 1 South, Range 14 East

Sections 1, 2, 10, 11, 15, 22, 27, 34

Township 2 South, Range 14 East

Sections 3, 4, 9, 16, 21, 28, 32, 33

Township 3 South, Range 14 East

Sections 5, 7, 8, 18, 19, 30, 31

Township 4 South, Range 14 East

Sections 6, 7, 17, 18 19, 20, 29, 30, 31,
32

Township 5 South, Range 14 East

Sections 4, 5, 8, 9, 16, 21, 28, 29, 32

Township 6 South Range 14 East

Sections 5, 6, 8, 17, 20, 29, 31, 32

Township 7 South, Range 14 East
Sections 6, 7, 8, 16, 17, 20, 28, 29, 32

Township 8 South, Range 14 East
Sections 5, 6, 7, 8, 18

Township 8 South, Range 13 East
Sections 13, 23, 24, 26, 27, 33, 34

Township 9 South, Range 13 East
Sections 3, 4, 5, 7, 8

Township 9 South, Range 12 East
Sections 12, 13, 14, 15, 19, 20, 21, 22

Township 9 South, Range 11 East
Sections 22, 23, 24, 27, 28, 33

Township 10 South, Range 11 East
Sections 3, 4, 10, 15, 22, 23, 26, 35, 36

Township 11 South, Range 11 East
Sections 1, 2, 12, 13, 24

Township 11 South, Range, 12 East
Sections 19, 29, 30, 32

Township 12 South, Range 12 East
Sections 5, 8

(2) Right-of-Way for Remote Control Block Valve
Equipment Sites

The right-of-way granted for each Remote Control Valve Equipment Site is a tract of land one hundred fifty feet by three hundred feet (150' x 300'), comprising 1.03 acres, as described in the drawings referenced below filed with the application for a right-of-way submitted May 7, 1974.

Drawing No.

Setting Forth the
Description of
Right-of-Way Granted
for Each Remote Control
Block Valve

<u>Valve Site No.</u>	<u>Equipment Site</u>	<u>Location</u>
<u>FAIRBANKS MERIDIAN</u>		
VS - 69	D-00-L1178	In Sec.13, T3N, R2W
VS - 69A	D-00-L1179	In Sec.19, T3N, R1W
VS- 73	D-00-L1180	In Sec. 1, T1S, R1E
VS- 78	D-00-L1181	In Sec. 17, T5S, R6E
VS- 80	D-00-L1182	In Sec. 26, T7S, R8E
VS- 88	D-00-L41	In Sec. 18, T15S, R10E
VS-95	D-00-L1183	In Sec.32, T21S, R12E
<u>COPPER RIVER MERIDIAN</u>		
VS 101	D-00-L29	In.Sec. 24, T7N, R2W
VS - 102	D-00-L27	In Sec. 1, T6N, R2W
VS - 103	D-00-L25	Sec.36, T6N, R2W
VS - 104	D-00-L23	In Sec. 13, T5N, R2W
VS - 105	D-00-L1184	In Sec. 12, T4N, R2W
VS - 107	D-00-L1185	In Sec. 28, T3N, R1W
VS - 108	D-00-L1186	In Sec. 13, T2N, R1W
VS - 109	D-00-L21	In Sec. 24, T2N, R1W
VS - 119	D-00-L9	In Sec. 2, T8S, R2W
VS - 121	D-00-L1187	In Sec. 4, T9S, R3W
VS - 123	D-00-L7	In Sec. 32, T9S, R4W
VS - 124	D-00-L1188	In Sec. 35, T9S, R5W
VS - 125	D-00-L5	In Sec. 15, T9S, R6W

(3) Right-of-Way for Landing Sites at Check Valves

The right-of-way granted for each Landing Site at Check Valves is a tract of Land one hundred thirty-three feet by one hundred sixty feet (133' x 160'), comprising 0.49 acres, as described in the drawings referenced below filed with the application for a right-of-way submitted March 7, 1974.

Drawing No.
Setting Forth the
Description of the
Right-of-Way for
Each Landing Site
at Check Valves

<u>Valve Site No.</u>		<u>General Location</u>
		<u>FAIRBANKS MERIDIAN</u>
VS - 70	D-00-L1189	In Sec. 29, T3N, R1W
VS - 82	D-00-L1190	In Sec. 23, T8S, R9E

(4) Right-of-Way for Hydraulic Control Structures

The right-of-way for each hydraulic control structure is a tract of land as described in the drawings referenced below filed with the application for a right-of-way submitted March 7, 1974.

<u>Structure Site (Identified by Drawing No.) and Drawing No. Setting Forth the Right-of-Way for Each Hydraulic Control Structure</u>	<u>General Location</u>
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UMIAT MERIDIAN:

C-00-L1106 (Four Tracts)	In Sec's 4, 9, & 16, T5S, R14E
C-00-L1107 (Four Tracts)	In Sec's 5, 7, & 8, T4S, R14E R14E
C-00-L1108 (Two Tracts)	In Sec's 9, 16, 17, 20 & 29, T3S
C-00-L1109 (Two Tracts)	In Sec's 9, 16, & 21, T2S, R14E
C-00-L1110 (Three Tracts)	In Sec's 15, 22, & 23, T1S, R14E
C-00-L1111 (Three Tracts)	In Sec's 34 & 35, T1N, R14E

C-00-L1112 (Two Tracts)	In Sec's 23&26, T3N. R14E
C-00-L1113 (Two Tracts)	In Sec's 32, T5N, R14E
C-00-L1114 (Three Tracts)	In Sec's 13, 24, &25 of T6N, R13E; & Sec's 19, 30&31 of T6N R14E
C-00-L1115 (Two Tracts)	In Sec. 6, T6N. R14E; Sec. 36, T7N, R13E; Sec. 31, T7N, R14E
C-00-L1116 (Two Tracts)	In Sec's 7, 8, 17, 18&19, T7N,R14E

FAIRBANKS MERIDIAN:

C-00-L1051 (Two Tracts)	In Sec. 33, T19S, R11E
C-00-L1052	In Sec. 29, T19S, R11E
C-00-L1053 (Two Tracts)	In Sec. 29, T19S, R11E
C-00-L1054	In Sec. 29, T19S, R11E
C-00-L1055 (Two Tracts)	In Sec. 20, T19S, R11E
C-00-L1056 (Two Tracts)	In Sec. 20, T19S, R11E
C-00-L1057 (Two Tracts)	In Sec. 20, T19S, R11E
C-00-L1058 (Two Tracts)	In Sec. 29, T19S, R11E
C-00-L1059 (Two Tracts)	In Sec. 29, T19S, R11E
C-00-L1060 (Two Tracts)	In Sec. 29, T19S, R11E

C-00-L1061	In Sec. 29, T19S, R11E
C-00-L1062	In Sec. 25, T18S, R10E
C-00-L1063 (Two Tracts)	In Sec. 24, T18S, R10E
C-00-L1064	In Sec. 24, T18S, R10E
C-00-L1065	In Sec. 24, T18S, R10E
C-00-L1066 (Three Tracts)	In Sec. 13&24, T18S, R10E
C-00-L1067 (Two Tracts)	In Sec. 23, T17S, R10E
C-00-L1068 (Two Tracts)	In Sec. 23, T17S, R10E
C-00-L1069 (Two Tracts)	In Sec. 23, T17S, R10E
C-00-L1070 (Two Tracts)	In Sec. 23, T17S, R10E
C-00-L1071 (Two Tracts)	In Sec. 23, T17S, R10E
C-00-L1072 (Two Tracts)	In Sec. 14&15, T17S, R10E
C-00-L1073 (Two Tracts)	In Sec. 15, T17S, R10E
C-00-L1074 (Two Tracts)	In Sec. 15, T17S, R10E
C-00-L1075 (Two Tracts)	In Sec. 15, T17S, R10E
C-00-L1076 (Two Tracts)	In Sec. 15, T17S, R10E
C-00-L1077 (Two Tracts)	In Sec. 15, T17S, R10E

C-00-L1078 (Two Tracts)	In Sec. 10, T17S, R10E
C-00-L1079 (Two Tracts)	In Sec. 10, T17S, R10E
C-00-L1080 (Two Tracts)	In Sec. 9&10, T17S, R10E
C-00-L1081 (Two Tracts)	In Sec. 9&10, T17S, R10E
C-00-L1082 (Two Tracts)	In Sec. 9, T17S, R10E
C-00-L1083 (Two Tracts)	In Sec's 4&9, T17S, R10E
C-00-L1084 (Two Tracts)	In Sec's 23&24, T17S, R10E
C-00-L1085 (Two Tracts)	In Sec. 32, T16S, R10E
C-00-L1086 (Two Tracts)	In Sec. 32, T16S, R10E
C-00-L1087 (Two Tracts)	In Sec's 29&30, T15S, R10E
C-00-L1088	In Sec. 4, T17S, R10E
C-00-L1090 (Two Tracts)	In Sec. 5, T21N, R14W
C-00-L1091	In Sec. 9, T23N, R14W
C-00-L1092	In Sec's 23&26, T24N, R14W
C-00-L1093 (Three Tracts)	In Sec's 1&6, T25N, R12&13W
C-00-L1094 (Five Tracts)	In Sec's 29, 30&31 of T28N, R12W; Sec. 6 of T27N, R12W; & Sec's 1, 11, 12&14 of T27N, R13W

C-00-L1095 (Four Tracts)	In Sec. 35, T29N, R12W & Sec. 3, T28N, R12W
C-00-L1096 (Two Tracts)	In Sec's 11, 12, 13, 14, 2326&35 T29N, R12W
C-00-L1097 (Two Tracts)	In Sec's 7&18, T30N, R11W
C-00-L1098 (Two Tracts)	In Sec's 33&34, T31N, R11W
C-00-L1099 (Two Tracts)	In Sec. 25, T31N, R11W
C-00-L1100 (Two Tracts)	In Sec's 29&32, T32N, R10W
C-00-L1101 (Two Tracts)	In Sec's 20, 21&29, T32N, R10W
C-00-L1102 (Two Tracts)	In Sec. 2, T33N, R10W; & Sec. 35, T34N, R10W
C-00-L1103 (Two Tracts)	In Sec's 9,10&15, T34N, R10W
C-00-L1104 (Two Tracts)	In Sec's 9&16, T35N. R10W
C-00-L1105 (Three Tracts)	In Sec's 21, 28&33, T36N, R10W

COPPER RIVER MERIDIAN:

C-00-L1041	In Sec. 36, T9S, R5W
C-00-L1042	In Sec. 34, T9S, R4W
C-00-L1043 (Two Tracts)	In Sec. 12, T9S, R4W
C-00-L1044 (Two Tracts)	In Secs. 5&8, T9S, R3W

C-00-L1045 (Two Tracts)	In Secs. 7&8, T8S, R2W
C-00-L1046	In Sec. 7, T8S, R2W
C-00-L1047 (Two Tracts)	In Sec. 34, T7S, R1W and In Sec. 3, T8S, R1W
C-00-L1048 (Two Tracts)	In Sec. 8, T7S, R1E
C-00-L1049 (Two Tracts)	In Sec. 30, T6S, R1E
C-00-L1050 (Two Tracts)	In Sec. 30, T6S, R1E

EXHIBIT E
COOPERATIVE AGREEMENT
Between
UNITED STATES DEPARTMENT OF THE INTERIOR
and
STATE OF ALASKA
Regarding the
PROPOSED TRANS-ALASKA PIPELINE

THIS AGREEMENT, effective this 8th day of January, 1974, by and between the United States Department of the Interior (hereinafter referred to as the "Department") and the State of Alaska (hereinafter referred to as the "State"), which together are hereinafter referred to jointly as "Parties,"

WITNESSETH

WHEREAS, the State has the authority pursuant to AS 38.05.020 to enter into this agreement with the Department in order to protect the lands, waters and natural environment of Alaska;

WHEREAS, the Secretary of the Interior (hereinafter referred to as the "Secretary") has the authority to enter into agreements involving the improvement, management, use and protection of the public lands and their resources pursuant to Section 102 of the Public Land Administration Act, 74 Stat. 506 (1960), 43 U.S.C. § 1363 (1970);

WHEREAS, the Parties have been requested to issue rights-of-way and other authorizations for the construction of an oil pipeline system from Prudhoe Bay to Valdez, Alaska;

WHEREAS, the Congress of the United States has determined

that early construction of such an oil pipeline system is in the national interest and has authorized and directed the Secretary and other appropriate Federal officers and agencies to issue and take all necessary action to administer and enforce rights-of-way and other authorizations that are necessary for or related to the construction of the Trans-Alaska oil pipeline system.

WHEREAS, the Legislature of Alaska, in special session, has enacted legislation to establish authority and guidelines for a right-of-way lease for that system;

WHEREAS, the Secretary will designate a Federal Authorized Officer and the Governor of Alaska will appoint a State Pipeline Coordinator who will, respectively, have general supervision and control over the functions in Alaska of the Department and the State with respect to the construction of the pipeline system;

WHEREAS, it is anticipated that detailed technical and environmental stipulations relating to construction of the pipeline system will be incorporated in the right-of-way and other authorizations of each of the Parties, and that the State and Federal stipulations will be similar in all major respects;

WHEREAS, it is necessary to provide for review and approval of designs and surveillance of construction activities in order to assure compliance with the aforesaid stipulations; and

WHEREAS, it is the purpose of this agreement to promote an effective working relationship between the Parties in order to provide maximum protection for the environment without unnecessary delays in construction of the pipeline system;

NOW THEREFORE, the Parties agree as follows:

I. LANDS-LEASE AND PERMIT

1. The State and Department recognize the following categories of land to be made subject to the rights-of-way and other authorizations of the State or the Department and that such lands constitute all of the land along the proposed pipeline right-of-way that is not owned by private parties and therefore is subject to the authority of either the Department or the State to authorize rights-of-way.

(a) Lands patented to the State.

(b) Lands selected by and tentatively approved to the State and not withdrawn under section 11 (a) (2) of the Alaska Native Claims Settlement Act, 85 Stat. 696,

43 U.S.C. § 1610 (1970).

- (c) Lands selected by the State and not tentatively approved and not withdrawn under section 11 (a) (2) of the Alaska Native Claims Settlement Act.
- (d) Lands selected by the State and not tentatively approved and which were withdrawn under section 11 (a) (2) of the Alaska Native Claims Settlement Act but which are not available for village or regional selection under section 22 (1) of the Alaska Native Claims Settlement Act, 85 Stat. 713, 43 U.S.C. § 1621 (1970).
- (e) Lands selected by the State, both tentatively approved and not tentatively approved, and withdrawn under section 11 (a) (2) of the Alaska Native Claims Settlement Act.
- (f) Lands beneath navigable waters as defined in Section 2 of the Submerged Lands Act, 67 Stat. 29, 43 U.S.C. § 1301 (1970).
- (g) Lands in Federal ownership that have not been selected by the State.

2. The State will issue its right-of -way and other authorizations for lands in categories 1 (a), 1 (b), and 1 (f). The Department will issue its rights-of-way and other authorizations for lands in categories 1 (e) and 1 (g).

3. Both the State right-of-way lease or other grant and the Federal right-of-way authorization will include the lands in categories 1 (c) and 1 (d) and each will be effective in accordance with the following terms:

(a) Lands in category 1(c), will be tentatively approved or patented to the State no later than fifteen (15) days after compliance by the Parties with all applicable regulations. The Parties will immediately initiate and expeditiously complete such compliance. The State will thereupon immediately proceed to issue a right-of-way lease or other grant and such authorizations as are necessary for construction and operation of the pipeline system on said lands.

(b) The Department will take all necessary action preparatory to tentatively approving or patenting the lands in category 1 (d) to the State within twenty-five (25) days from the effective date of this agreement and will tentatively approve or patent those lands promptly upon receipt of notice from the Commissioner of Natural Resources that the State is prepared to issue a right-of -way lease

or other grant and such other authorizations as are necessary for construction and operation of the pipeline system on said lands.

(c) The Federal right-of-way in and to lands in categories 1 (c) or 1 (d), or both, will vest in the Parties receiving it on the date it is issued by the Department but only upon the occurrence of one of the following events, whichever occurs first:

(i) The Commissioner of Natural Resources notifies the Secretary in writing that it is essential for the expeditious construction of the pipeline system that the Federal right-of-way in and to some or all of the lands in categories 1 (c) or 1 (d), or both, vest in the Parties receiving it; or

(ii) The lands in category 1 (d) have not been tentatively approved to the State and a valid State right-of-way lease or other grant in and to those lands has not been issued for the construction and operation of the pipeline system by March 10, 1974; or

(iii) The lands in category 1 (c) have not been tentatively approved to the State and a valid State right-of-way lease or other grant in and to those lands has not been issued for the construction and operation of the pipeline system by June 1, 1974;

Provided as conditions: First, that the Federal right-of-way is made subject to the State's valid pro-existing rights, if any, in and to those lands; Second, that upon either valid tentative approval or valid patent of any of those lands to the State, the existence or subsequent issuance of a valid State right-of-way lease or other grant in and to those lands terminates the Federal right-of-way and other authorizations, and the State right-of-way lease or other grant thereupon applies in all respects to those lands; Third, that the parties who receive the Federal right-of-way and other authorizations agree in writing to the first and second conditions herein and that they will not challenge the validity of the State's right-of-way lease or other grant on the basis of the existence of the Federal right-of-way and other authorizations or their

interest therein, and the Federal right-of-way recites these three conditions; and, Fourth, that the Department will make every reasonable effort to tentatively approve and patent, the lands to the State expeditiously.

II. SURVEILLANCE

1. While the Parties will establish and maintain separate organizations to assure compliance with the terms and stipulations of their respective right-of-way authorizations and with their respective statutes and regulations, they will seek to coordinate the activities of these organizations as fully as possible. In the execution of their respective responsibilities the Parties will seek to provide maximum protection for the environment without unnecessary delays in construction of the pipeline. Pursuant to this general agreement, it is further agreed that:

(a) The Parties will endeavor, both in central offices and in the field, to locate all personnel in the surveillance effort, including agents and third party contractors, in common locations and to utilize, insofar as possible, common logistical support, with the objective of maximizing communication between the two organizations.

(b) Except as prohibited by law or by the Department's pipeline right-of-way agreement with the owners of the Trans-Alaska pipeline, (but the owners will be required by the State right-of-way lease to make the same available to the State), the Parties will share fully all information concerning the construction of the pipeline system and the surveillance thereof. The State and the Federal organizations will have complete and immediate access to the information of the other, on request, and there will be regular exchange of information regarding design reviews, application for and issuances of notices to proceed, temporary suspension orders, modification orders, reports on compliance in the field, construction change recommendations, all submissions by the holders of the rights-of-way, all third party contractor reports, applications for and issuance of permission to resume activity, and all other similar information. The timing, location method and type of information exchanged shall be governed by the objective of the fullest possible access to information practical in order to maximize

the decision-making capability of the Parities.

(c) The Parties will have full and free access to the lands of each other for all purposes relating to the surveillance of the pipeline system and the enforcement of all State and Federal statutes and regulations.

2. All applications for notices to proceed, together with supporting documents, will be reviewed by both the State Pipeline Coordinator and the Federal Authorized Officer.

The State right-of-way lease will contain provisions regarding notices to proceed that assure review by the Pipeline Coordinator within the same time period as provided in the Department's right-of-way authorizations. The Authorized Officer or his designee, on behalf of the Department, may issue notices to proceed involving construction of any portion of the pipeline system. The Pipeline Coordinator or his designee, on behalf of the State, may issue notices to proceed with respect to any construction of the pipeline system on State lands, and no notice to proceed on lands subject to the State right-of-way lease will be effective unless signed by the State Pipeline Coordinator.

3. On lands subject to the Federal right-of-way authorizations, the Department will determine compliance with the terms and stipulations regulations, the construction of the pipeline system. On lands subject to the Federal right-of-way authorization, where applicable statutes and regulations of the State providing for the protection of resources, the environment, or public health, safety or general welfare, impose additional requirements to, or more stringent standards than, those required by the Federal terms and stipulations for pipeline construction, operation or maintenance, the State law will control.

4. On lands subject to the State right-of-way lease, the determination of compliance with those terms and stipulations regulating the construction of the pipeline system which do not directly affect the physical integrity of the pipeline, but which are necessary for the protection of State lands and resources shall be made exclusively by the State. On such lands the State or the Department may issue any orders necessary to assure compliance with those terms and stipulations regulating the construction of the pipeline system that are necessary to protect the physical integrity of the pipeline.

5. The Parties recognize that the unique characteristics of the arctic and subarctic environment require special

efforts to provide it with optimum protection. The Parties will make every reasonable effort to ensure that construction and operation methods and activities will be planned and executed so as to minimize environmental degradation.

6. Fish and wildlife protection is regarded by the Parties as a special responsibility of the surveillance effort which extends with common concern over the length of the pipeline. The Parties will encourage the formation, to the extent practicable, of a cooperative effort for such protection, sharing the fish and game personnel and information resources of both the State and Federal Governments, and the application of this cooperative effort over both State and Federal lands.

7. The Department shall have full and free access at all times to the Valdez terminal site for the purpose of enforcing the Department's stipulations at that facility. The State will assure such access to the Department by making appropriate provisions therefor in any lease or conveyance it may issue or grant with respect to the lands embraced in the Valdez terminal site.

III. STATE HIGHWAY AND STATE AIRPORTS

1. The Department agrees to take such action pursuant to the Trans-Alaska Pipeline Authorization Act of November 16, 1973, P.L. 93-153, as are necessary for the State to construct the highway from the Yukon River to Prudhoe. The State agrees to construct the Highway and Airport Stipulations attached hereto as Exhibit "A" and, if the State contracts to build the highway, to include said stipulations as a part of any agreement with its contractors.

2. The State has furnished the Department a map of the intended location of the highway and upon completion of construction of the highway will file with the Department a map of definite location of the highway of similar scale.

3. The Department agrees to lease three sites for public airports pursuant to the Trans-Alaska Pipeline Authorization Act (*supra*). The State agrees to build the airports according to those provisions of the Highway and Airport Stipulations that are pertinent to airport construction, and if the State contracts to build the airports, to include said stipulations as a part of any agreement with such contractors.

4. The Department agrees to take all actions necessary to provide to the State, under nonexclusive permits, the

free use of gravel or other materials necessary for construction of the State highway and the State airports pursuant to the Trans-Alaska Pipeline Authorization Act (*supra*). All free use permits issued by the Department for such material sites shall include provisions of the Highway and Airport Stipulations applicable to material sites.

5. The State shall have the right and responsibility to enforce the applicable provisions of the Highway and Airport Stipulations referring to the construction of the State highway and State airports.

IV. MISCELLANEOUS

1. The Federal Authorized Officer and the State Pipeline Coordinator will develop procedures to implement the provisions of this agreement.

2. In the implementation of this agreement, each Party will avoid unnecessary employment of personnel and needless expenditure of funds.

3. This agreement shall remain in effect with construction of the Trans-Alaska pipeline is completed. However, in the event that either Party deems it necessary or desirable to terminate this agreement at an earlier time, it may do so after giving the other Party sixty (60) days advance written notice thereof.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement as of the date shown below:

STATE of ALASKA
/s/WILLIAM A. EGAN
Title: Governor
State of Alaska
January 8, 1974

UNITED STATES of AMERICA
DEPARTMENT OF THE INTERIOR
/s/ROGERS C. B. MORTON
Title: Secretary of the
Interior

EXHIBIT A

Highway and Airport Stipulations

1. DEFINITIONS

1.1 "Highway" means the State highway from the Yukon River to Prudhoe Bay, Alaska; and includes all permanent roads, bridges, tunnels, drainage structures, signs, guardrails, protective structures, and appurtenances related thereto or used in connection therewith.

1.2 "Airports" means the three public airports for, which the State of Alaska made application on March 20, 1970, under 49 U.S.C. §§ 211-214 (1970).

1.3. "State Pipeline Coordinator" means that individual designated by the State of Alaska with authority owner and responsibility for the supervision of the design review and construction of the Pipeline System or his designee.

1.4. "Federal Authorized Officer" means the Secretary of the Interior, or a person delegated to exercise his authority with respect to the Pipeline System.

1.5 "Contractor" means the individual, corporation, or other entity, or the subcontractor or agent of such individual, corporation or other entity, with which the State of Alaska contracts to build the Highway or Airports. In the event that the State undertakes to build the Highway or Airports itself, "Contractor" shall mean the State of Alaska.

1.6 "Notice to Proceed" means a document signed by the State Pipeline Coordinator authorizing some aspect of the construction of the Highway or Airports.

2. PROCEDURES

2.1. Regulation of Public Access

2.1.1 During construction of the Highway, the State shall provide alternative routes for existing roads and trails across public lands.

2.1.2 The State shall make provisions for suitable permanent crossings for the public where the Highway right-of-way crosses existing roads, foot, trails, winter trails, or other rights-of-way.

2.2. Applicability of Stipulations

2.2.1. Nothing in these Stipulations shall be construed as applying to activities of the State that have no

relation to the Highway or Airports.

2.2.2. Nothing in these Stipulations shall be construed to affect any right or cause of action that otherwise would be available to the State against any person other than the United States.

2.3. Responsibilities

2.3.1. With regard to the construction of the Highway and Airports: (1) The State shall ensure full compliance with the terms and conditions of these Stipulations by its agents, employees and contractors (including subcontractors of any tier), and the employees of each of them. (2) Unless clearly inapplicable, the requirements and prohibitions imposed upon the State by these Stipulations are also imposed upon the State's agents, employees, contractors, and subcontractors, and the employees of each of them. (3) Failure or refusal of the State's agents, employees, contractors, subcontractors, or their employees to comply with these Stipulations shall be deemed to be the failure or refusal of the State. (4) The State shall require its agents, contractors, and subcontractors to include these Stipulations in all contracts and subcontracts which are entered into by any of them, together with a provision that the other contracting party, together with its agents, employees, contractors, subcontractors, and the employees of each of them, shall likewise be bound to comply with these Stipulations.

2.3.2. The State shall make separate application, under applicable statutes and regulations, for authorization to use or occupy Federal lands in connection with the Highway or Airports where the lands are, not within the Highway right-of-way or Airport leases. This shall include material sites, camp sites, waste areas, storage areas, access roads, etc.

2.3.3. The Federal Authorized Officer may require modification of the Highway or Airports, without liability or expense to the United States, as necessary to protect the integrity of the Trans-Alaska Pipeline.

2.4. Highway Design Approval

2.4.1. The State shall require detailed design submittals from Contractor for all river and stream crossings.

2.4.2. All such submittals shall be reviewed by the State Pipeline Coordinator for conformity with the Stipulations set forth herein.

2.4.3. Upon approval of such design, a Notice to Proceed shall be executed and transmitted to the Contractor. Such document shall authorize the commencement of construction

on the element of the Highway for which design is approved.

2.5. Suspension of Construction

2.5.1. In the event the State Pipeline Coordinator determines that the Contractor is in violation of these Stipulations, he may order suspension of that portion of the work in violation.

2.5.2. In the event that the Federal Authorized Officer determines that the Contractor is in violation of these Stipulations, he may recommend that the State Pipeline Coordinator order suspension of that portion of the work he deems to be in violation.

2.6. Changes in Conditions

Unforeseen conditions arising during design or construction of the Highway or Airports may make it necessary to revise or amend these Stipulations to protect the environment and the public interest. In that event, the, Federal Authorized Officer and the State Pipeline Coordinator, shall agree as to what revisions or amendments shall be made. If they are unable to agree, the Federal Authorized Officer shall have final authority to determine the matter if the Airports are involved, and the State Pipeline Coordinator shall have final authority to determine the matter if the Highway is involved.

3. CONTRACTOR STIPULATIONS-GENERAL

3.1. Equal Employment Opportunity

By accepting this contract, Contractor agrees that, during the period of construction of the Highway and Airports, or for so long as this permit shall be in effect, whichever is the longer, he shall comply with this Stipulation.

3.1.1. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are equally treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be approved by the Authorized Officer setting forth the provision of this equal opportunity clause.

3.1.2. Contractor will, in all solicitations or

advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, sex, color or national origin.

3.1.3. Contractor will send to each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Authorized Officer, advising the labor union or worker's representatives of Contractor commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

3.1.4. Contractor will comply with Executive Order No. 11246 of September 24, 1965, as amended, and rules and regulations and relevant orders of the Secretary of Labor.

3.1.5. Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to Contractor's books, records, and accounts by the State Pipeline Coordinator and the Federal Authorized Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

3.1.6. In the event of Contractor's noncompliance with this equal opportunity clause or with any of said rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and Contractor may be declared ineligible for further government contracts or permits in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

3.1.7. Contractor will include the provisions of this equal opportunity clause, in every contract, subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor or vendor. Contractor will take such action with respect to any contract, subcontract, or purchase order as the Authorized Officer may direct as a

means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Contractor becomes involved in, or is threatened with, litigation with a contractor, subcontractor or vendor as a result of such direction by the State Pipeline Coordinator, Contractor may request the United States to enter into such litigation to protect the interests of the United States.

3.1.8. Contractor further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work.

3.1.9. Contractor agrees that it will assist and cooperate actively with the State Pipeline Coordinator and the Federal Authorized Officer and the Secretary of Labor in obtaining the compliance of Contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the State Pipeline Coordinator and the Federal Authorized Officer and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the State Pipeline Coordinator in securing compliance.

3.1.10. Contractor further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order No. 11246 of September 24, 1965, as amended, with a Contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon Contractors and subcontractors by the Federal Authorized Officer or the Secretary of Labor, pursuant to Part II, Subpart D, of the Executive Order. In addition, Contractor agrees that if it fails or refuses to comply with these undertakings, the State Pipeline Coordinator may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this contract; refrain from extending any further assistance to Contractor under the program with respect to which the failure or refusal occurred until satisfactory assurance of future compliance has been received from the Contractor; and refer the case to the Department of Justice for legal proceedings.

3.1.11. Certification of Nonsegregated Facilities

By accepting this contract, Contractor certifies that Contractor does not and will not maintain or provide for

Contractor's employees any segregated facilities at any of Contractor's establishments, and that Contractor does not and will not permit Contractor's employees to perform their services at any location, under Contractor's control, where segregated facilities are maintained. Contractor agrees that a breach of this certification is a violation of the equal opportunity clause of this permit. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom or otherwise. Contractor further agrees that (except where Contractor has obtained identical certifications from proposed Contractors and subcontractors for specific time periods) Contractor will obtain identical certifications from proposed Contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the equal opportunity clause; the Contractor will retain such certifications in Contractor's file; and the Contractor will forward the following notice to such proposed Contractors and subcontractors (except where the proposed Contractors or subcontractors have submitted identical certifications for specific time periods): "NOTICE TO PROSPECTIVE CONTRACTORS AND SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATION OF NON-SEGREGATED FACILITIES." A Certification of Nonsegregated Facilities, as required by the order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of the contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the equal opportunity clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

3.2. Liabilities and Responsibilities of Contractor

Contractor shall abate any condition existing with respect to the construction of the Highway or Airports that cause or threatens to cause serious and irreparable harm or damage to any person, structure, property, land, fish and wildlife and their habitats, or other resource. Any State or Federal property and fish and wildlife habitat harmed or

damaged by the Contractor in connection with the construction of the Highway or Airports, regardless of fault, shall be reconstructed, repaired and rehabilitated by the Contractor to the written satisfaction of the State Pipeline Coordinator. Contractor shall be liable in accordance with applicable laws for loss or damage to property of others or for bodily injuries to or the death of any person arising from or connected with the construction of the Highway or Airports.

3.3. Federal, State and Local Laws and Regulations

Contractor shall comply with applicable Federal and State laws and all regulations issued thereafter, existing or hereafter enacted or promulgated, affecting in any manner construction of the highway or Airports.

3.4. Antiquities and Historical Sites

Contractor shall engage an archeologist approved by the Federal Authorized Officer to provide surveillance and inspection of the Highway and Airport sites for archeological values. If, in connection with any operation under this contract, or any other contract entered in connection with the Highway or Airports, Contractor encounters known or previously unknown paleontological, archeological, or historical sites, Contractor shall immediately notify the Federal Authorized Officer and the State Pipeline Coordinator and said archeologist. Contractor's archeologist shall investigate and provide an on-the-ground opinion regarding the protective measures to be undertaken by Contractor. The Federal Authorized Officer may suspend that portion of Contractor's operations necessary to preserve evidence pending investigation of the site.

Six (6) copies of the survey and excavation reports shall be filed with the Federal Authorized Officer and the State Pipeline Coordinator.

3.5. Termination of Use

Upon termination of use of any part of Highway or Airports, Contractor shall remove all improvements and equipment, except as otherwise approved in writing by the State Pipeline Coordinator as to the Highway, and the Federal Authorized Officer as to the Airports, and shall restore the land to a condition that is satisfactory to them. The satisfaction of the State Pipeline Coordinator and Federal Authorized Officer shall be stated in writing.

All Access Roads shall be "put-to-bed" by Contractor upon completion of their use unless otherwise directed by the Federal Authorized Officer. "Put-to-bed" is used herein to mean that such roads shall be left in such stabilized

condition that erosion will be minimized through the use of adequately designed and constructed waterbars, revegetation, and chemical surface control; that culverts and bridges shall be removed by Contractor in a manner satisfactory to the Federal Authorized Officer and that such roads shall be closed to use. Contractor's rehabilitation plan shall be approved in writing by the State Pipeline Coordinator and the Federal Authorized Officer prior to termination of use of any such road or any part thereof.

3.6. Public Improvements

Contractor shall protect existing improvements on Federal and State lands during construction of the Highway or Airport. Except as authorized for temporary purposes by the State Pipeline Coordinator and Federal Authorized Officer, the Contractor shall not obstruct any road or trail with logs, slash, or debris.

3.7. Camping, Hunting, Fishing, and Trapping

Contractor shall satisfy the State Pipeline Coordinator that it has and will adequately inform its employees, agents, contractors, subcontractors, and their employees, of applicable laws and regulations relating to hunting, fishing, and trapping.

3.8. Small Craft Passage

The creation of any permanent obstruction to the navigation of small craft in streams is prohibited.

3.9. Survey Monuments

Contractor shall mark and protect all geodetic survey monuments encountered during the construction of the Highway or Airports. These monuments are not to be disturbed; however, if such a disturbance occurs, the Federal Authorized Officer shall be immediately notified thereof in writing.

If any land survey monuments, corners, or accessories (excluding geodetic survey monuments) are destroyed, obliterated or damaged, Contractor shall employ a qualified land surveyor to reestablished or restore same in accordance with the "Manual of Instructions for the Survey of Public Lands" and shall record such survey in the appropriate records. Additional requirements for the protection of monuments, corners, and bearing trees may be prescribed by the Federal Authorized Officer.

3.10. Fire Prevention and Suppression

Contractor shall promptly notify the State Pipeline Coordinator and the Federal Authorized Officer and take all measures necessary and appropriate for the prevention and

suppression of fires in accordance with 43 CFR 2801.1-5 (d). Contractor shall comply with their instructions and directions concerning the use, prevention and suppression of fires. Use of open fires in connection with construction of the Highway or Airports is prohibited unless authorized in writing by the State Pipeline Coordinator as to the Highways or the Federal Authorized Officer as to the Airports.

3.11. Health and Safety

Contractor shall take all measures necessary to protect the health and safety of all persons affected by its activities performed in connection with the construction of the Highway or Airports and shall immediately abate any health or safety hazards. Contractor shall immediately notify the State Pipeline Coordinator of all serious accidents which occur in connection with such activities.

4. CONTRACTOR STIPULATIONS-ENVIRONMENTAL

4.1. Environmental Briefing

Prior to and during construction of the Highway and Airports, Contractor shall provide for environmental and other pertinent briefings of construction and other personnel by such Federal and State employees as may be designated by the Federal Authorized Officer and the State Pipeline Coordinator. Contractor shall arrange the time, place and attendance for such briefings upon their request.

4.2. Pollution Control

4.2.1. General

Contractor shall conduct all activities associated with the Highway and Airports in a manner that will avoid or minimize degradation of air, land and water quality. In the construction of the Highway and Airports, Contractor shall perform its activities in accordance with applicable air and water quality standards and related plans of implementation, including emission standards, adopted pursuant to the Clean Air Act, as amended (42 U.S.C., sec. 1857, et seq.), and the Federal Water Pollution Control Act, as amended (33 U.S.C., sec. 1160).

4.2.2. Water and Land Pollution

4.2.2.1. Contractor shall comply with applicable "Water Quality Standards" of the State of Alaska as approved by the Environmental Protection Agency.

4.2.2.2. Mobile ground equipment shall not be operated in lakes, streams, or rivers unless such operation is approved in writing by the State Pipeline Coordinator.

4.2.3. Air Pollution and Ice Fog

4.2.3.1. Contractor shall utilize and operate all facilities and devices used in connection with the construction of the Highway and Airports in such a way so as to avoid or minimize air pollution and ice fog.

4.2.3.2. Emissions from equipment, installations, and burning materials shall meet applicable Federal and State air quality standards.

4.2.4. Pesticides, Herbicides, and other Chemicals
Contractor shall use only non-persistent and immobile types of pesticides, herbicides and other chemicals. Each chemical to be used and its application constraint shall be approved in writing by the State Pipeline Coordinator prior to use.

4.2.5. Sanitation and Waste Disposal

4.2.5.1. "Waste" means all discarded matter, including but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

4.2.5.2. All waste generated in construction of the Highway and Airports shall be removed or otherwise disposed of in a manner acceptable to the State Pipeline Coordinator. All applicable standards and guidelines of the Alaska State Department of Environmental Conservation, the United States Public Health Service, the Environmental Protection Agency, and other Federal and State agencies shall be adhered to by Contractor. All incinerators shall meet the requirements of applicable Federal and State laws and regulations and shall be used with maximum precautions to prevent forest and tundra fires. After incineration, material not consumed in the incinerator shall be disposed of in a manner approved in writing by the State Pipeline Coordinator. Portable or permanent waste disposal systems to be used shall be approved in writing by the State Pipeline Coordinator.

4.3. Buffer Strips

4.3.1. Public Interest Areas

No construction activity in connection with the Highway or Airports shall be conducted within one-half ($\frac{1}{2}$) mile of any officially designated Federal, State or municipal park, wildlife refuge, research natural area, recreation area, recreation site, or any registered National Historic Site or National Landmark, unless such activity is approved in writing by the Federal Authorized Officer as to Federal areas or the State Pipeline Coordinator as to State areas.

4.3.2. Streams

The highway clearing limits shall be limited so as to provide three hundred (300) foot minimum buffer strips of undisturbed land along streams unless otherwise approved

under 2.4 herein.

4.4. Erosion Control

4.4.1. Contractor shall conduct all Highway and Airport construction activities so as to avoid or minimize disturbance to vegetation.

4.4.2. The design of the highway and Airports shall provide for the construction of erosion control facilities that will avoid or minimize erosion.

4.4.3. The erosion control facilities shall be constructed to avoid erosion and to lessen the possibility of forming new drainage channels resulting from Highway or Airport construction activities. The facilities shall be designed and constructed in such a way as to avoid or minimize disturbance to the thermal regime.

4.4.4. Stabilization

4.4.4.1. Surface materials taken from disturbed areas shall be stockpiled and utilized during restoration unless otherwise approved in writing by the State Pipeline Coordinator as to the Highway and by the Federal Authorized Officer as to the Airports. Stabilization practices, as determined by the needs for specific sites, shall include but shall not be limited to seeding, planting, mulching, and the placement of mat binders, soil binders, rock or gravel blankets, or structures.

4.4.4.2. All disturbed areas shall be left in a stabilized condition satisfactory to the State Pipeline Coordinator as to the Highway and the Federal Authorized Officer as to the Airports. Such satisfaction shall be stated in writing.

4.4.5. Crossings of Streams, Rivers or Flood Plains

4.4.5.1. Contractor shall prevent or minimize erosion at streams and river crossings and those parts of the Highway or Airports within flood plains.

4.4.5.2. Temporary access over stream banks shall be made through use of fill ramps rather than by cutting through stream banks, unless otherwise approved in writing by the State Pipeline Coordinator.

4.4.5.3. Timing and methods of crossings shall be subject to control and alteration by the State Pipeline Coordinator to protect fish passage and spawning and aquatic resources generally.

4.4.6. Seeding and Planting

Seeding and planting of disturbed areas shall be conducted as soon as practicable and, if necessary, shall be repeated until vegetation is successful, unless otherwise approved in writing by the State Pipeline Coordinator. All other restoration shall be completed as soon as possible.

4.4.7. Excavated Material

Excavated material not utilized for Highway or Airport construction shall be disposed of in a manner approved in writing by the Federal Authorized Officer, if wasted outside of the facility right-of-way.

4.5. Fish and Wildlife Protection

4.5.1. Passage of Fish

4.5.1.1. Contractor shall provide for uninterrupted movement and safe passage of fish. Any artificial structure or any stream channel change that would cause a blockage of fish shall be provided with a fish passage structure or facility that meets all Federal and State requirements. The proposed design shall be submitted to the State Pipeline Coordinator in accordance with Stipulation 2.4.1.

4.5.1.2. Pump intakes shall be screened to prevent harm to fish.

4.5.1.3. Abandoned water diversion structures shall be removed or filled to prevent trapping or stranding of fish.

4.5.1.4. If material sites are approved adjacent to or in certain lakes, rivers, or streams, the State Pipeline Coordinator, either on his own initiative or at the request of the Federal Authorized Officer, may require the Contractor to construct, levees, berms, or other suitable means to protect fish and fish passage and to prevent siltation of streams or lakes.

4.5.2. Fish Spawning Beds

4.5.2.1. "Fish Spawning Beds" means the areas where anadromous and resident fish deposit their eggs.

4.5.2.2. Contractor shall avoid channel changes in Fish Spawning Beds designated by the State Pipeline Coordinator; however, where channel changes cannot be avoided in such beds, new channels shall be constructed according to written standards supplied by the State Pipeline Coordinator.

4.5.2.3. Fish Spawning Beds shall be protected from sediment where soil material is expected to be suspended in water as a result of construction activities. Settling basins shall be constructed to intercept silt before it reaches streams or lakes.

4.5.2.4. Contractor shall comply with any special requirements made by the State Pipeline Coordinator for a stream system in order to protect Fish Spawning Beds. Contractor shall repair all damage to Fish Spawning Beds caused by construction of the Highway or Airports.

4.5.3. Zones of Restricted Activities

Contractor's activities in connection with the construction of the Highway or Airports in key fish and

wildlife areas may be restricted by the State Pipeline Coordinator during periods of fish and wildlife breeding, nesting, spawning, lambing or calving activity and during major migrations of fish and wildlife. The State Pipeline Coordinator shall provide Contractor written notice of such restrictive action. From time to time, the State Pipeline Coordinator shall furnish Contractor a list of areas where such actions may be required, together with anticipated dates of restriction.

4.6. Material Sites

4.6.1. Acquisition of Materials

4.6.1.1. If Contractor requires materials from the public lands, Contractor shall request the State of Alaska to make application, in accordance with 43 CFR, Part 3621, "Free Use of Mineral Materials." Contractor shall submit a mining plan in accordance with 43 CFR, Part 23. No materials may be removed by Contractor without the written approval of the Federal Authorized Officer.

4.6.1.2. Insofar as possible, use of existing material sites will be authorized in preference to new sites.

4.6.2. Layout of Material Sites

Material site boundaries should be shaped in such a manner as to blend with surrounding natural land patterns. Regardless of the layout of material sites, primary emphasis shall be placed on prevention of soil erosion and damage to vegetation.

4.7. Clearing

4.7.1. Boundaries

Contractor shall identify approved clearing boundaries on the ground prior to beginning clearing operations. All timber and other vegetative material outside clearing boundaries and all blazed, painted or posted trees which are on or mark clearing boundaries are reserved from cutting, and removal with the exception of danger trees or snags designated as such by the State Pipeline Coordinator.

4.7.2. Timber

4.7.2.1. Prior to initiating clearing operations, Contractor shall notify the Federal Authorized Officer of the amount of merchantable timber, if any, which will be cut, removed, or destroyed in the construction of the Highway or Airports, and shall request that the State make separate application for the free use of such timber, in accordance with 43 CFR, Part, 5510.

4.7.2.2. All trees, snags, or other woody material cut in connection with clearing operations shall be cut so the resulting stumps shall not be higher than six (6) inches measured from the ground on the uphill side.

4.7.2.3. All trees, snags, and other woody material cut in connection with clearing operations shall be felled into the area within the clearing boundaries and away from water courses.

4.7.2.4. Hand clearing shall be used in areas where the State Pipeline Coordinator as to the Highway and the Federal Authorized Officer as to the Airports, determine that use of heavy equipment would be detrimental to existing conditions.

4.7.2.5. All debris resulting from clearing operations and construction that may block stream flow, delay fish passage, contribute to flood damage, or result in stream bed scour or erosion shall be removed.

4.7.2.6. Logs shall not be skidded or yarded across any stream without the written approval of the State Pipeline Contractor.

4.7.2.7. No log landing shall be located within three hundred (300) feet of any water course, except where impractical, then only with the written approval of the State Pipeline Coordinator.

4.7.2.8. All slash shall be disposed of within the Highway right-of-way or Airport lease unless otherwise directed in writing by the Federal Authorized Officer as to the Airports or the State Pipeline Coordinator as to the Highway.

4.8. Disturbance of Natural Waters

All activities of Contractor in connection with the construction of the Highway or Airports that may create new lakes, drain existing lakes, significantly divert natural drainages, permanently alter stream hydraulics, or disturb significant areas of stream beds are prohibited unless such activities along with necessary mitigation measures are approved in writing by the Federal Authorized Officer as to the Airports and the State Pipeline Coordinator as to the Highway.

4.9. Off Right-Of-Way Traffic

Contractor shall not operate mobile ground equipment off the Highway or Airport construction limits or authorized areas unless approved in writing by the Federal Authorized Officer as to the Airports and the State Pipeline Coordinator as to the Highway, or when necessary to prevent harm to any person.

4.10 Aesthetics

The Federal Authorized Officer or State Pipeline Coordinator may impose such requirements as he deems necessary to protect aesthetic values.

4.11 Restoration

4.11.1. Areas disturbed by Contractor shall be restored by Contractor to the satisfaction of the State Pipeline Coordinator as to the Highway, and the Federal Authorized Officer as to the Airports, as stated in writing.

4.11.2 All cut and fill slopes shall be left in a stable condition.

4.11.3 Materials from the Highway and Airports, haul ramps, berms, dikes, and other earthen structures shall be disposed of as directed by the State Pipeline Coordinator as to the Highway and the Federal Authorized Officer as to the Airport.

4.11.4 Vegetation, overburden, and other materials removed during clearing operations shall be disposed of by Contractor in a manner approved in writing by the State Pipeline Coordinator as of the Highway and the Federal Authorized Officer as to the Airports.

4.11.5. Upon completion of restoration, Contractor immediately shall remove all equipment and supplies from the site.

5. CONTRACTOR STIPULATIONS—TECHNICAL

The following requirements shall be complied with in design and construction of Highways and Airports.

5.1. Special Standards

5.1.1. All preconstruction, construction, and post-construction operations shall be conducted to minimize permafrost degradation and damage to the environment, and to provide maximum protection to wildlife and human beings.

5.1.2. Temporary bridges shall be located so as to reserve the superior site and alignment for future permanent bridges.

5.1.3. Embankment sections shall be used in preference to excavated sections wherever practicable and, in general, the Highway shall follow terrain features.

5.1.4. Unless otherwise approved by the State Pipeline Coordinator, organic material resulting from clearing operations shall not be incorporated in the road prism, but may be used as a mat overlay below the road prism.

5.2. Permanent Culverts and Bridges

Culverts and bridges shall be designed to accommodate a 50-year flood in accordance with criteria established by the American Association of State Highway Officials and the Federal Highway Administration.

5.3. Erosion

5.3.1. Erosion control procedures shall accommodate and be based on the runoff produced by storm and snow melt

conditions having a 50-year occurrence interval. The procedure shall also accommodate effects that result from thawing produced by flowing or ponded water on permafrost terrain.

5.3.2. Slopes of cuts through stream banks shall be designed and constructed to minimize erosion and prevent slides.

5.3.3. Where necessary because of outfall erosion, stilling basins shall be constructed at the outflow end of culverts. To prevent erosion the pool sides shall be established by appropriate methods: e.g., by the use of riprap.

5.4. Slope Stability

Areas subject to mudflows, landslides, mudslides, avalanches, rock falls, and other types of mass movements shall be avoided where practicable in locating the Highway or Airport. Where such avoidance is not practical, the Highway or Airport design, based upon detailed field investigations and analysis, shall provide measures to prevent the occurrence of, or protect the Highway or Airports against the effects of mass movements.

5.5. Construction Operations

5.5.1. All pre-construction and construction activities shall be conducted so as to avoid or minimize thermal and other environmental changes and to provide maximum protection to fish and wildlife and their habitat, and people. All surface modifications shall be planned and executed in such a way that any resulting degradation of permafrost will not jeopardize adjoining structure foundations.

5.5.2. Acceptable plans, procedures and quality controls that ensure compliance with these Stipulations shall be submitted in accordance with Stipulation 2.4.1.

EXHIBIT F

DOCUMENTS DELEGATING CERTAIN RESPONSIBILITIES
AND AUTHORITY OF THE COMMISSIONER OF NATURAL
RESOURCES TO A PIPELINE COORDINATOR